# COPY -Application Starr Regional Medical Center

CN1404-009

April 1, 2014

Melanie M. Hill, Executive Director Tennessee Health Services and Development Agency Frost Building, Third Floor 161 Rosa Parks Boulevard Nashville, Tennessee 37203

RE: CON Application Submittal By Starr Regional Medical Center Addition of 4 Psychiatric Beds Within Current Hospital License

Etowah; McMinn County

Dear Mrs. Hill:

This letter transmits an original and two copies of the subject application. The affidavit and filing fee are enclosed.

I am the contact person for this project. Kim Looney of Waller, Landsden is legal counsel. Please advise me of any additional information you may need. We look forward to working with the Agency on this project.

Respectfully,

John Wellborn Consultant

# STARR REGIONAL MEDICAL CENTER--ETOWAH

# CERTIFICATE OF NEED APPLICATION TO ADD FOUR LICENSED HOSPITAL BEDS TO ITS GEROPSYCHIATRIC UNIT IN McMINN COUNTY

Filed April 2013

#### PART A

# 1. Name of Facility, Agency, or Institution

Starr Regional Medical CenterEtowah		
Name		
886 Highway 411 North		McMinn
Street or Route		County
Etowah	TN	37331
City	State	Zip Code

# 2. Contact Person Available for Responses to Questions

John Wellborn	Consultant			
Name	Title			
Development Support Group	jwdsg@comcast.net			
Company Name	E-Mail Address			
4219 Hillsboro Road, Suite 210	Nashville	TN	37215	
Street or Route	City	State	Zip Code	
CON Consultant	615-665-20	615-665-2042		
Association With Owner	Phone Number		Fax Number	

### 3. Owner of the Facility, Agency, or Institution

Athens Regional Medical Center, LLC		
Name		2 7 7 7
1114 West Madison Avenue		McMinn
Street or Route		County
Athens	TN	37303
City	State	Zip Code

# 4. Type of Ownership or Control (Check One)

	F. Government (State of TN or	
A. Sole Proprietorship	Political Subdivision)	
B. Partnership	G. Joint Venture	
C. Limited Partnership	H. Limited Liability Company	x
D. Corporation (For-Profit)	I. Other (Specify):	
E. Corporation (Not-for-Profit)		

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS

5. Name of Management/Operating Entity (If Applicable) (for management of the geropsychiatric service only)

(Joi mail agents of the graph o		
Horizon Health		
Name		
1965 Lakepointe Drive, Suite 100		(Out of State)
Street or Route		County
Lewisville	TX	75057-6424
City	State	Zip Code

# 6. Legal Interest in the Site of the Institution (Check One)

A. Ownership	Х	D. Option to Lease	
B. Option to Purchase		E. Other (Specify):	
C. Lease of Years			

# 7. Type of Institution (Check as appropriate—more than one may apply)

A. Hospital (Specify): General	X	I. Nursing Home
B. Ambulatory Surgical Treatment		
Center (ASTC) Multi-Specialty		J. Outpatient Diagnostic Center
C. ASTC, Single Specialty		K. Recuperation Center
D. Home Health Agency		L. Rehabilitation Center
E. Hospice		M. Residential Hospice
F. Mental Health Hospital		N. Non-Residential Methadone
G. Mental Health Residential Facility		O. Birthing Center
H. Mental Retardation Institutional		P. Other Outpatient Facility
Habilitation Facility (ICF/MR)		(Specify):
		Q. Other (Specify):

# 8. Purpose of Review (Check as appropriate—more than one may apply

		G. Change in Bed Complement	
		Please underline the type of Change:	
		Increase, Decrease, Designation,	
A. New Institution		Distribution, Conversion, Relocation	X
B. Replacement/Existing Facility		H. Change of Location	
C. Modification/Existing Facility	Х	I. Other (Specify):	
D. Initiation of Health Care Service			
as defined in TCA Sec 68-11-1607(4)			
(Specify)			
E. Discontinuance of OB Service			
F. Acquisition of Equipment			

9. Bed Complement Data

Starr RMC--Etowah Only

(Please indicate current and proposed distribution and certification of facility beds.) CON approved TOTAL Beds beds Current **Beds** at Staffed Proposed (not in Licensed (Change) Completion service) **Beds Beds** 50 28 54 A. Medical B. Surgical C. Long Term Care Hosp. D. Obstetrical 7 8 8 E. ICU/CCU F. Neonatal G. Pediatric H. Adult Psychiatric 10 +414 10 I. Geriatric Psychiatric J. Child/Adolesc. Psych. K. Rehabilitation L. Nursing Facility 64 64 64 (non-Medicaid certified) M. Nursing Facility Lev. 1 24 24 24 (Medicaid only) N. Nursing Facility Lev. 2 (Medicare only) O Nursing Facility Lev. 2 (dually certified for Medicare & Medicaid) P. ICF/MR Q. Adult Chemical Dependency R. Child/Adolescent Chemical Dependency S. Swing Beds T. Mental Health Residential Treatment U. Residential Hospice NC 72 72 0 45 **TOTAL Hospital** 88 NC 88

NF 10. Medicare Provider Number: Hospital 440068; Geropsychiatric Unit 44S068 Certification Type: General Hospital; Psychiatric Unit

88

0

#### 12. & 13. See page 4

<sup>11.</sup> Medicaid Provider Number: : Hospital 440068; Geropsychiatric Unit 44S068 (same as #10) Certification Type: General Hospital; Psychiatric Unit

9. Bed Complement Data

Starr RMC--Athens Only

(Please indicate current and proposed distribution and certification of facility beds.) CON approved **TOTAL** Beds beds Current (not in **Proposed** Beds at Licensed Staffed Completion (Change) service) **Beds Beds** 93 93 45 A. Medical B. Surgical C. Long Term Care Hosp. 8 8 D. Obstetrical 8 5 5 5 E. ICU/CCU 12 5 12 F. Neonatal G. Pediatric H. Adult Psychiatric I. Geriatric Psychiatric J. Child/Adolesc. Psych. K. Rehabilitation L. Nursing Facility (non-Medicaid certified) M. Nursing Facility Lev. 1 (Medicaid only) N. Nursing Facility Lev. 2 (Medicare only) O Nursing Facility Lev. 2 (dually certified for Medicare & Medicaid) P. ICF/MR Q. Adult Chemical Dependency R. Child/Adolescent Chemical Dependency S. Swing Beds T. Mental Health Residential Treatment U. Residential Hospice 118 NC **TOTAL** 118 0 63

9. <u>Bed Complement Data</u> Starr RMC--Etowah and Athens Combined (Please indicate current and proposed distribution and certification of facility beds.)

(Please indicate current and		CON approved			
	Current	beds		Beds	TOTAL
	Licensed	(not in	Staffed	Proposed	Beds at
	Beds	service)	Beds	(Change)	Completion
A. Medical	147		73	-4	143
B. Surgical					
C. Long Term Care Hosp.					
D. Obstetrical	8		8		8
E. ICU/CCU	13		12		13
F. Neonatal	12		5		12
G. Pediatric					
H. Adult Psychiatric					
I. Geriatric Psychiatric	8			+4	12
J. Child/Adolesc. Psych.					
K. Rehabilitation					
L. Nursing Facility					
(non-Medicaid certified)					
M. Nursing Facility Lev. 1					
(Medicaid only)	64		64		64
N. Nursing Facility Lev. 2					2.4
(Medicare only)	24		24		24
O Nursing Facility Lev. 2					
(dually certified for					
Medicare & Medicaid)					
P. ICF/MR					
Q. Adult Chemical					
Dependency					
R. Child/Adolescent					
Chemical Dependency					
S. Swing Beds	-				
T. Mental Health					
Residential Treatment			-		
U. Residential Hospice	100		100	NC	190
TOTAL Hospital	190	0	108	NC NC	88
NH	88		88	NC	88

# A.12. IF THIS IS A NEW FACILITY, WILL CERTIFICATION BE SOUGHT FOR MEDICARE AND/OR MEDICAID?

This is an existing facility that is already certified for both Medicare and Medicaid.

A.13. IDENTIFY ALL TENNCARE MANAGED CARE ORGANIZATIONS / BEHAVIORAL HEALTH ORGANIZATIONS (MCO'S/BHO'S) OPERATING IN THE PROPOSED SERVICE AREA. WILL THIS PROJECT INVOLVE THE TREATMENT OF TENNCARE PARTICIPANTS? Yes IF THE RESPONSE TO THIS ITEM IS YES, PLEASE IDENTIFY ALL MCO'S WITH WHICH THE APPLICANT HAS CONTRACTED OR PLANS TO CONTRACT.

DISCUSS ANY OUT-OF-NETWORK RELATIONSHIPS IN PLACE WITH MCO'S/BHO'S IN THE AREA.

Available TennCare MCO's	Applicant's Relationship
BlueCare	contracted
nited Healthcare Community Plan (formerly AmeriChoice)	contracted
TennCare Select	contracted

SECTION B: PROJECT DESCRIPTION

B.I. PROVIDE A BRIEF EXECUTIVE SUMMARY OF THE PROJECT NOT TO EXCEED TWO PAGES. TOPICS TO BE INCLUDED IN THE EXECUTIVE SUMMARY ARE A BRIEF DESCRIPTION OF PROPOSED SERVICES AND EQUIPMENT, OWNERSHIP STRUCTURE, SERVICE AREA, NEED, EXISTING RESOURCES, PROJECT COST, FUNDING, FINANCIAL FEASIBILITY AND STAFFING.

#### Proposed Services and Equipment

- The applicant is Athens Regional Medical Center, LLC. It owns and operates the only two acute care facilities in McMinn County, under one consolidated 190-bed license. The two facilities are located in Athens and Etowah. Their public names ("dba's") are Starr Regional Medical Center--Athens (118 beds), and Starr Regional Medical Center-Etowah (72 beds), respectively. (Prior to CY2014, those facilities were named Athens Regional Medical Center, and Woods Memorial Hospital.)
- Starr Regional Medical Center--Etowah ("SRMC-Etowah") has operated a 10-bed geropsychiatric inpatient unit for nine years. It is the only geropsychiatric service in McMinn County. It serves primarily patients 65+ years of age, and occasionally patients 55-64 years of age. This project would expand the unit by four (4) beds, to a complement of fourteen (14) beds--increasing its size from five to seven semi-private rooms.
- To avoid a license increase at the hospital, the applicant will delicense four (4) of its medical-surgical beds at the Etowah campus when the additional four geropsychiatric beds are licensed. (Note: this campus is in the process of suspending its inpatient medical-surgical and critical care services during CY2014; however, the future licensure status of those beds has not yet been determined.)
- The hospital plans to implement the project in two stages. The first stage is the addition of two geropsychiatric beds quickly by January 1, 2015; the second stage is the addition of the other two beds by October 2015.

#### Ownership Structure

• The applicant, Athens Regional Medical Center, LLC, is owned by LifePoint Hospitals, Inc, through other subsidiaries wholly (100%) or majority (97%) owned by LifePoint Hospitals, Inc. LifePoint is a national hospital company with headquarters in the Nashville area. Attachment A.4 contains more details, an organization chart, and information on the Tennessee facilities owned by this facility's parent organization.

#### Service Area

- In CY2013, the hospital's geropsychiatric unit received approximately 88.4% of its admissions from McMinn, Bradley, Monroe, Polk, and Meigs Counties. Those constituted its primary service area for CON planning purposes.
- Its Tennessee secondary service area consisted of eight other Tennessee counties (none of which contributed 3% or more of total admissions). The proposed expansion will not change these areas.

#### Need

- Admissions to the 10-bed unit at SRMC Etowah have increased by approximately 27% during the past two years. The unit reached almost 66% average annual occupancy in CY2013.
- That was a high rate of utilization for a small unit with all semi-private beds. The "annual average" masks a problem of wide swings in census and the lack of beds on many days. In CY2013, occupancy was 80% or more on almost half (42%) of the days that year. It was 90% or more on 18% of the days (almost one day a week).
- An exacerbating circumstance is that all SRMC-Etowah's beds are semi-private. It is necessary to separate patients by gender. In a busy week, having to use double rooms as single rooms to achieve gender separation lowers available bed capacity. That constraint is never reflected in annual average occupancy calculations that assume all empty beds to be always available.
- In CY2014, demand is going to increase significantly, due to an increase in Medical Director coverage for admissions examinations. At present, admissions cannot occur on two days per week. The hospital expects to restore seven-day admissions coverage within two months; and when that occurs, admissions requests will increase even more.
- At the same time, the applicant recognizes that there is an excess of hospital beds in the service area and especially at this facility in Etowah. Therefore the project will close four underutilized general acute care beds in Etowah as it opens four more geropsychiatric beds--to avoid increasing areawide acute care hospital bed complements.

#### **Existing Resources**

• There are two providers of adult psychiatric care in the primary service area. One is the applicant, in McMinn County. The applicant's 10-bed unit serves only geropsychiatric patients. The other is Skyridge Medical Center Westside, in Cleveland, in Bradley County. Skyridge Westside's 30-bed unit serves primarily adults below the age of 65, although it does admit a small number of Medicare-age patients.

#### Project Cost, Funding, and Financial Feasibility

• The project cost is estimated to be \$1,282,050. The project costs will be funded by LifePoint, Inc., the applicant's parent company, through a cash transfer. The unit is currently operating with a positive financial margin and is projected to continue to do so with an expanded patient census.

#### Staffing

• Increased census in an expanded service will require addition of one registered nurse (RN).

B.II. PROVIDE A DETAILED NARRATIVE OF THE PROJECT BY ADDRESSING THE FOLLOWING ITEMS AS THEY RELATE TO THE PROPOSAL.

B.II.A. DESCRIBE THE CONSTRUCTION, MODIFICATION AND/OR RENOVATION OF THE FACILITY (EXCLUSIVE OF MAJOR MEDICAL EQUIPMENT COVERED BY T.C.A. 68-11-1601 et seq.) INCLUDING SQUARE FOOTAGE, MAJOR OPERATIONAL AREAS, ROOM CONFIGURATION, ETC.

Table Two: Summary of Construction and Changes in Size		
	Total Square Feet	
Facility Before Project	3,056 SF	
Facility After Project	6,181 SF	
Net Increase in Size (%)	3,125 SF (+102.3%)	
Area of New Construction	980 SF	
Area of Buildout or Renovation	5,201 SF	
Total New & Renovated Construction	6,181 SF	

Table Three: Construction Cost Factors (Rounded)				
	Renovated Construction	New Construction	Total Construction	
Square Feet	5,201 SF	980 SF	6,181 SF	
Construction Cost	\$677,950	\$147,050	\$825,000	
Constr. Cost PSF	\$130.35 PSF	\$150.05	\$133.50	

The hospital's geropsychiatric inpatient unit faces Grady Road on one side, and an interior green space on the opposite side. It consists of five semiprivate rooms, with a day room and break room, a nursing station and various support spaces. In the first phase of the proposed expansion, the break room will be converted to a semi-private patient room; the day room will become an activity room; and at the interior end of the unit there will be renovated areas providing a quiet activity/group room, a charting/conference room, a secure room, clean and soiled laundry/linen areas, a shower, equipment storage, and a waiting area. The existing nursing station and staff and handicapped accessible toilets will be renovated. Across the hall from the entry will be a consult/visitor room; down an adjoining hall will be a staff office for the Unit Manager/Nurse Supervisors. On the exterior of the patient wing, a security fence will enclose a covered outdoor sitting

area for the patients. This phase will provide a total complement of twelve beds in six semi-private rooms.

The second phase of the project will extend the building out across the enclosed sitting area to form a new addition of 980 SF, containing two semi-private rooms. One of the older semi-private rooms will be converted to a quiet activity room. A separate group therapy room, and a second consult/visitors room will be added in existing spaces outside the unit on an adjoining hall. At the end of this phase, the geropsychiatric unit will have fourteen beds in seven semi-private rooms. It should be noted that if nearby medical-surgical beds within the hospital become available for reassignment to psychiatric use before the second phase begins, a renovation alternative will be evaluated for potential cost savings in the addition of the four beds in this second phase. Please see the note on page 11 concerning prospective changes in the medical-surgical services at this campus.

#### Operational Schedule

The proposed beds will be available for patient care 24 hours daily throughout the year. In this application, the applicant has projected starting the second phase immediately after completion of the first phase, so that all fourteen beds will be open in CY2016 and CY2017. That schedule will be contingent upon achieving the continuing increases in utilization projected in the application. If the projected utilization does not increase as rapidly as anticipated, the second phase's two-bed addition to the building may be delayed a year to conserve capital.

#### Ownership, Cost and Funding

The project cost is estimated at \$1,282,050. It will be funded entirely through a cash grant from the applicant's parent company, LifePoint Hospitals.

Starr Regional Medical Center--Etowah is owned and operated by Athens Regional Medical Center, LLC, which is owned through a series of entities that are wholly (100%) or majority (97%) owned by LifePoint Hospitals, Inc., the parent company. Please see the ownership chart in Attachment A.4.

APPLICANTS WITH HOSPITAL PROJECTS (CONSTRUCTION COST IN EXCESS OF \$5 MILLION) AND OTHER FACILITY PROJECTS (CONSTRUCTION COST IN EXCESS OF \$2 MILLION) SHOULD COMPLETE THE SQUARE FOOTAGE AND COSTS PER SQUARE FOOTAGE CHART.

UTILIZING THE ATTACHED CHART, APPLICANTS WITH HOSPITAL PROJECTS SHOULD COMPLETE PARTS A-E BY IDENTIFYING, AS APPLICABLE, NURSING UNITS, ANCILLARY AREAS, AND SUPPORT AREAS AFFECTED BY THIS PROJECT. PROVIDE THE LOCATION OF THE UNIT/SERVICE WITHIN THE EXISTING FACILITY ALONG WITH CURRENT SQUARE FOOTAGE, WHERE, IF ANY, THE UNIT/SERVICE WILL RELOCATE TEMPORARILY DURING CONSTRUCTION AND RENOVATION, AND THEN THE LOCATION OF THE UNIT/SERVICE WITH PROPOSED SQUARE FOOTAGE. THE TOTAL COST PER SQUARE FOOT SHOULD PROVIDE A BREAKOUT BETWEEN NEW CONSTRUCTION AND RENOVATION COST PER SQUARE FOOT. OTHER FACILITY PROJECTS NEED ONLY COMPLETE PARTS B-E.

Not applicable. The project's construction cost is below this cost threshold.

# PLEASE ALSO DISCUSS AND JUSTIFY THE COST PER SQUARE FOOT FOR THIS PROJECT.

Hospital construction projects approved by the HSDA in 2010-2012 had the following construction costs per SF:

Table Four: Hospital Construction Cost PSF Years: 2010 – 2012				
	Renovated	New	Total	
	Construction	Construction	Construction	
1 <sup>st</sup> Quartile	\$99.12/sq ft	\$234.64/sq ft	\$167.99/sq ft	
Median	\$177.60/sq ft	\$259.66/sq ft	\$235.00/sq ft	
3 <sup>rd</sup> Quartile	\$249.00/sq ft	\$307.80/sq ft	\$274.63/sq ft	

Source: CON approved applications for years 2010 through 2012

The proposed project at Etowah is consistent with those cost ranges. Its overall \$133.50 PSF cost of construction, and its new construction cost PSF, are both below the 1<sup>st</sup> quartile of Statewide averages, as shown below. Its renovation is below the median.

Table Three (Repeated): Construction Cost Factors (Rounded)				
	Renovated Construction	New Construction	Total Construction	
Square Feet	5,201 SF	980 SF	6,181 SF	
Construction Cost	\$677,950	\$147,050	\$825,000	
Constr. Cost PSF	\$130.35 PSF	\$150.05	\$133.50	

IF THE PROJECT INVOLVES NONE OF THE ABOVE, DESCRIBE THE DEVELOPMENT OF THE PROPOSAL.

Not applicable.

B.II.B. IDENTIFY THE NUMBER AND TYPE OF BEDS INCREASED, DECREASED, CONVERTED, RELOCATED, DESIGNATED, AND/OR REDISTRIBUTED BY THIS APPLICATION. DESCRIBE THE REASONS FOR CHANGE IN BED ALLOCATIONS AND DESCRIBE THE IMPACT THE BED CHANGE WILL HAVE ON EXISTING SERVICES.

Table Five: Proposed Changes in Assignment of Licensed Hospital Beds Starr Regional Medical CenterEtowah				
Bed Assignment	Current Assignment	Proposed Assignment (Change)		
General Medical-Surgical	54	50 (-4)		
Critical Care	8	8		
Psychiatric	10	14 (+4)		
Total Licensed Complement	72	72		

This reclassification will align the geropsychiatric program's bed resources with increasing demand from the community, without adversely impacting the ability of the hospital to meet demand for its medical-surgical services. The resulting utilization and occupancies for all categories of SRMC--Etowah's beds are projected in Section C(II)4 of the application.

Note: Starr Regional Medical Center has just begun planning a suspension of the Etowah campus's inpatient medical-surgical and critical care services, and potential bed reassignments at the Athens campus, during CY2014. However, it is premature in this application to project specific bed license or bed assignment changes at either campus, except for (a) converting four medical-surgical beds to four psychiatric beds at Etowah, and (b) maintaining the current total complements of licensed beds at each campus for the time being. That is what is shown in the bed data in Part A of this application.

B.II.C. AS THE APPLICANT, DESCRIBE YOUR NEED TO PROVIDE THE FOLLOWING HEALTH CARE SERVICES (IF APPLICABLE TO THIS APPLICATION):

#### 1. ADULT PSYCHIATRIC SERVICES....

#### A. The Etowah Unit is Utilized at Optimal Capacity for a Small Unit

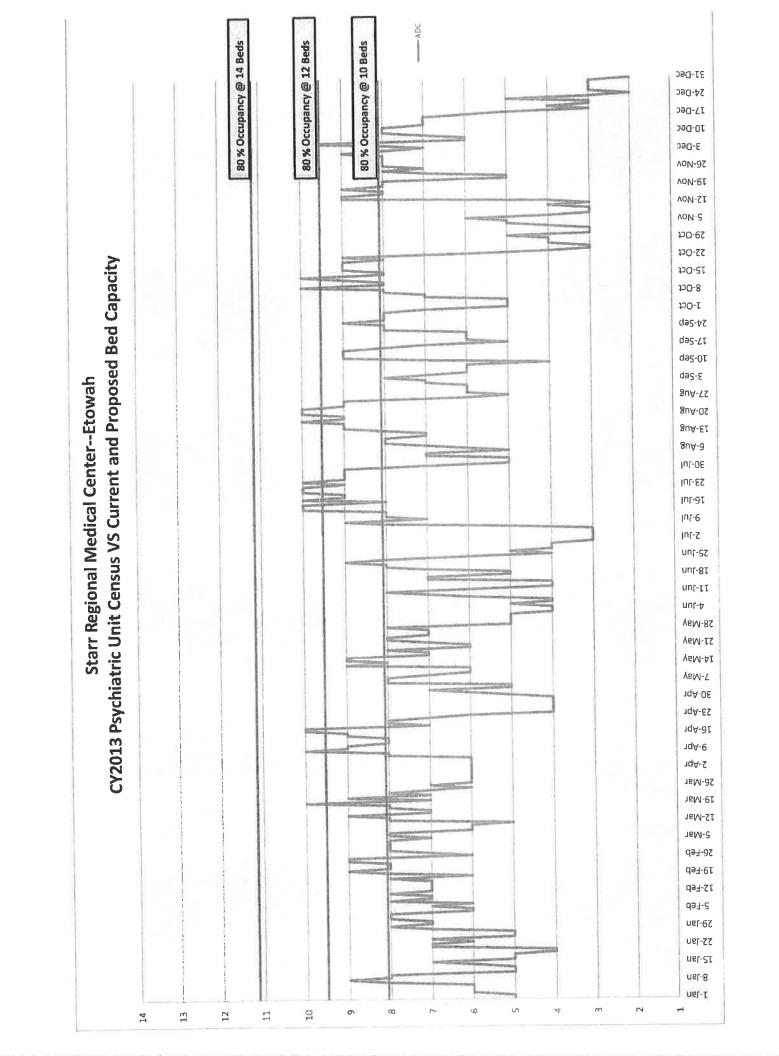
SRMC--Etowah's inpatient geropsychiatric admissions have been steadily increasing. During the past two years they increased approximately 27%:

Table Six: Increase in Geropsychiatric Utilization, SRMC CY2011-CY2013				
	2011	2013	Two Year Change	
Beds	10	10	7 <del>1111</del> 1	
Admissions	189	240	+27%	
Annual Average. Occupancy	64.1%	65.9%	+1.8%	

Source: Joint Annual Reports of applicant

Although the unit's average annual occupancy in CY2013 was approximately 66%, an annual average is misleading and is an incomplete picture of bed need. This very small 10-bed unit experiences wide swings of occupancy, caused by small variations in census. For example, each single admission or discharge represents an immediate 10% change in occupancy. In CY2013, occupancy was 80% or greater on almost half (42%) of the days; it was 90% or greater almost one day a week (18% of days). The graph on the next page shows these swings. It also depicts how frequently the CY2013 patient census exceeded 80% on a complement of 10 beds (its current number), versus the 12 and 14-bed complements proposed in the two phases of this project. On almost half (42%) of the days that year, the unit's ten beds were occupied at 80% or more. On almost a fifth (18%) of the days, they were occupied 90% or higher.

Another reason why average annual occupancy should not be the primary consideration for evaluating need is that all SRMC-Etowah's beds are semi-private. It is necessary to separate patients by gender. In a busy week, having to use double rooms as single rooms to assure gender separation lowers available bed capacity. That constraint is not reflected in annual average occupancy calculations, which incorrectly assume that all licensed beds are available every day of the year.



#### B. Demand for Geropsychiatric Care at Etowah Will Continue To Increase

Significant continuing increases in requests for geropsychiatric admissions are anticipated in 2014 and 2015. One reason is that during CY2013 and early CY2014, admissions have been artificially restrained by a staffing situation. The Medical Director has not been available on Thursdays and Fridays to examine and admit new patients. This limitation will be removed over the next few months, and admission to the unit will be available every weekday. That will be a 40% increase in the days on which new patients can be accepted. It will significantly boost admissions in CY2015 if the unit obtains additional bed capacity.

Another reason to anticipate more admissions is the steady increase in the service area population of older persons. The unit has a five-county primary service area. Its population aged 65+ years comprises 17.7% of the total population, compared to a Statewide average of 14.9%. By 2018, the 65+ cohort of the primary service area population will increase to 19.2% of all persons, while the State will reach 16.1%. The growth in the primary service area will be almost five thousand more elderly persons.

#### C. The Proposed Addition Complies with the State CON Guidelines for Growth

The Guidelines for Growth state that proposals for adult beds (whether 18-64 years of age or 65+ years of age, or both) should be evaluated using a need standard of 30 beds per 100,000 adult population in the service area. Table Seven below shows that the project complies with that standard. There are 30 adult beds in Bradley County at Skyridge Medical Center Westside, and 10 adult (gero) beds in McMinn County at Starr Regional Medical Center, Etowah. The Guideline is 30 beds per 100,000 adult population. Seventeen more beds are needed. The project adds four beds.

T	able Seven: A		atric Bed Nee Guidelines fo		ry Service Ar	ea
Age Group	Population	Bed Need	Skyridge Beds	SRMC Beds	Total Beds	Net Bed Need
18-64 yrs	143,566	43.07				
65+ yrs	45,833	13.75				
All Adult	189,399	56.82	30	10	40	16.82 = 17

Source: Population from TDH May 2013 Series. Bed Need from 2000 Guidelines for Growth.

## D. SRMC--Etowah is the Most Appropriate Provider to Serve Elderly Patients

The five county service area contains two providers of adult inpatient care. One is the applicant, SRMC--Etowah, located in McMinn County. The other provider is Skyridge Medical Center Westside, located in Cleveland in adjoining Bradley County, closer to Chattanooga.

Table Eight below shows that their roles in the area are not similar. Both offer adult psychiatric inpatient care. But SRMC--Etowah serves older adults; while Skyridge emphasizes younger adults ages 18-64. In the last reported year (2012), SRMC--Etowah received 84.1% of all geropsychiatric age 65+ admissions within the service area, and provided 91.4% of all geropsychiatric age 65+ inpatient days that were provided within the service area. Approximately 93% of SRMC--Etowah's adult psychiatric days were provided to patients age 65+. And although the data are not reported in the Joint Annual Reports, the rest of SRMC's days were for adults ages 55-64.

By contrast, Skyridge's emphasis is almost entirely on adults younger than 65 years of age: in the most recent reported year, less than 4% of its psychiatric admissions, and less than 6% of its psychiatric days, were for adults age 65+. It provided less than 10% of the area's total days of psychiatric care for adults age 65+.

Table Eight:	SRMC Etowah Within t	The Leading Pro the Primary Serv	vider of Geropsy ice Area	
	SRMCEtowah	Skyridge MC Cleveland	Combined 65+ Utilization	% of Combined Utilization Provided by SRMC
Admissions				
Total	193	968		
65+	180	34	214	84.1%
% of 65+	93.3%	3.5%		
Patient Days				
Total	2,253	4,594		
65+	2,078	196	2,274	91.4%
% of 65+	92.2%	5.5%		

Source: TDH 2012 Joint Annual Reports of Hospitals.

# B.II.D. DESCRIBE THE NEED TO CHANGE LOCATION OR REPLACE AN EXISTING FACILITY.

Not applicable. The application does not propose such changes.

B.II.E. DESCRIBE THE ACQUISITION OF ANY ITEM OF MAJOR MEDICAL EQUIPMENT (AS DEFINED BY THE AGENCY RULES AND THE STATUTE) WHICH EXCEEDS A COST OF \$1.5 MILLION; AND/OR IS A MAGNETIC RESONANCE IMAGING SCANNER (MRI), POSITRON EMISSION TOMOGRAPHY (PET) SCANNER, EXTRACORPOREAL LITHOTRIPTER AND/OR LINEAR ACCELERATOR BY RESPONDING TO THE FOLLOWING:

- 1. For fixed site major medical equipment (not replacing existing equipment):
  - a. Describe the new equipment, including:
    - 1. Total Cost (As defined by Agency Rule);
    - 2. Expected Useful Life;
    - 3. List of clinical applications to be provided; and
    - 4. Documentation of FDA approval.
  - b. Provide current and proposed schedule of operations.
- 2. For mobile major medical equipment:
  - a. List all sites that will be served;
  - b. Provide current and/or proposed schedule of operations;
  - c. Provide the lease or contract cost;
  - d. Provide the fair market value of the equipment; and
  - e. List the owner for the equipment.
- 3. Indicate applicant's legal interest in equipment (e.g., purchase, lease, etc.) In the case of equipment purchase, include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

Not applicable. The project does not contain major medical equipment.

B.III.A. ATTACH A COPY OF THE PLOT PLAN OF THE SITE ON AN 8-1/2" X 11" SHEET OF WHITE PAPER WHICH MUST INCLUDE:

- 1. SIZE OF SITE (IN ACRES);
- 2. LOCATION OF STRUCTURE ON THE SITE;
- 3. LOCATION OF THE PROPOSED CONSTRUCTION; AND
- 4. NAMES OF STREETS, ROADS OR HIGHWAYS THAT CROSS OR BORDER THE SITE....

See Attachment B.III.A.

B.III.B.1. DESCRIBE THE RELATIONSHIP OF THE SITE TO PUBLIC TRANSPORTATION ROUTES, IF ANY, AND TO ANY HIGHWAY OR MAJOR ROAD DEVELOPMENTS IN THE AREA. DESCRIBE THE ACCESSIBILITY OF THE PROPOSED SITE TO PATIENTS/CLIENTS.

The hospital is located in Etowah, on US Highway 411, which parallels I-75 running southwest to northeast between the Chattanooga and Knoxville areas.. US 411 is 12-14 miles east of I-75 for most of the distance between Chattanooga and Knoxville. As shown in the table below, SRMC--Etowah's campus is approximately a half hour drive or less from all the largest communities in its 5-county geropsychatric primary service area. It is more than an hour's drive time from Knoxville and from Chattanooga.

Etowah itself is a small community. The hospital campus is on the west side of US 411/Tennessee Avenue, a few hundred yards north of its intersection with State Highway 30 (David Lillard Memorial Highway), which connects Etowah and Athens. Etowah does not have public transportation. Non-emergency patients throughout the service area typically drive personal vehicles to healthcare providers.

Tal Retween Project and M	ole Nine: Mileage and Drive T ajor Communities In or Near t	imes he Primary S	ervice Area
Detween 1 reject and 1	County or State	Distance	Drive Time
1. Athens	McMinn	9.5 mi.	13 min.
2. Cleveland	Bradley	29.6 mi	35 min.
3. Decatur	Meigs	22.8 mi.	29 min.
4. Sweetwater	Monroe	25.3 mi.	31 min.
5. Madisonville	Monroe	15.8 mi.	20 min.
6. Tellico Plain	Monroe	16.4 mi.	26 min.
7. Benton	Polk	14.7 mi.	18 min.
8. Chattanooga	Hamilton	63.6 mi.	67 min.
9. Knoxville	Knox	45.2 mi.	58 min.

Source: Google Maps, March 9, 2014

B.IV. ATTACH A FLOOR PLAN DRAWING FOR THE FACILITY WHICH INCLUDES PATIENT CARE ROOMS (NOTING PRIVATE OR SEMI-PRIVATE), ANCILLARY AREAS, EQUIPMENT AREAS, ETC.

See attachment B.IV.

#### IV. FOR A HOME CARE ORGANIZATION, IDENTIFY

- 1. EXISTING SERVICE AREA (BY COUNTY);
- 2. PROPOSED SERVICE AREA (BY COUNTY);
- 3. A PARENT OR PRIMARY SERVICE PROVIDER;
- 4. EXISTING BRANCHES AND/OR SUB-UNITS; AND
- 5. PROPOSED BRANCHES AND/OR SUBUNITS.

Not applicable. The application is not for a home care organization.

#### C(I) NEED

- C(I).1. DESCRIBE THE RELATIONSHIP OF THIS PROPOSAL TO THE IMPLEMENTATION OF THE STATE HEALTH PLAN AND TENNESSEE'S HEALTH: GUIDELINES FOR GROWTH.
- A. PLEASE PROVIDE A RESPONSE TO EACH CRITERION AND STANDARD IN CON CATEGORIES THAT ARE APPLICABLE TO THE PROPOSED PROJECT. DO NOT PROVIDE RESPONSES TO GENERAL CRITERIA AND STANDARDS (PAGES 6-9) HERE.
- B. APPLICATIONS THAT INCLUDE A CHANGE OF SITE FOR A HEALTH CARE INSTITUTION, PROVIDE A RESPONSE TO GENERAL CRITERION AND STANDARDS (4)(a-c).

#### Project-Specific Review Criteria--Psychiatric Inpatient Services

#### A. Need

- 1. The population-based estimate of the total need for psychiatric inpatient services is 30 beds per 100,000 general population (using population estimates prepared by the Department of Health and applying the data in the Joint Annual Reports).
- 2 For adult persons, the age group of 18 years and older should be used in calculating the estimated total number of beds needed.
- 3. For child inpatients under age 13, and if adolescent program the age group of 13-17 should be used.
- 4. These estimates for total need should be adjusted by the existing staffed beds operating in the area, as counted by the Department of Health in the Joint Annual Report.

Guidelines A.1 and A.2 above state that proposals for adult beds (whether 18-64 years of age or 65+ years of age, or both) should be evaluated using a need standard of 30 beds per 100,000 adult population in the service area, and that the latest TDH population projections should be used in that calculation. Table Seven below shows that the project complies with the Guidelines. There are 30 adult beds in Bradley County at Skyridge Medical Center Westside, and 10 adult (gero) beds in McMinn County at Starr Regional Medical Center, Etowah. The Guideline is 30 beds per 100,000 adult population. Seventeen more beds are needed. The project adds only four beds.

Table S	Seven (Repeat		Psychiatric Bo Guidelines fo		Primary Serv	ice Area
Age Group	Population	Bed Need	Skyridge Beds	SRMC Beds	Total Beds	Net Bed Need
18-64 yrs	143,566	43.07				
65+ yrs	45,833	13.75				
All Adult	189,399	56.82	30	10	40	16.82 = 17

Source: Population from TDH May 2013 Series. Bed Need from 2000 Guidelines for Growth.

The bed need calculations used in Table Seven are shown in Table Ten, on the four pages following the discussions of the Guidelines for Psychiatric Inpatient Services.

#### B. Service Area

1. The geographic service area should be reasonable and based on an optimal balance between population density and service proximity of the Community Service Agency.

The project location is within approximately a half hour or less drive time of the county seats and principal towns in the five-county service area.

2. The relationship of the socio-demographics of the service area, and the projected population to receive services, should be considered. The proposal's sensitivity to and responsiveness to the special needs of the service area should be considered including accessibility to consumers, particularly women, racial and ethnic minorities, low income groups, and those needing services involuntarily.

This service will be available to elderly patients of both genders, all income levels, all racial and ethnic groups, and patients requiring involuntary admissions.

#### C. Relationship to Existing Applicable Plans

1. The proposal's relationship to policy as formulated in state, city, county, and/or regional plans and other documents should be a significant consideration.

The State of Tennessee has greatly reduced its financial support of inpatient psychiatric facilities in recent years. As those programs have closed, needs for service have intensified due to unavailability of city, county, and regional programs adequate for these types of conditions. Medicare does fund inpatient care of this type and State policies in the past have been supportive of this source of care. In addition, the State Guidelines for Growth, on page 5, sets forth positions that are supported by this project. They support directing delivery of services to the most medically appropriate and cost-

effective settings, which this psychiatric service provides. The Guidelines support institutions that provide care to the elderly and this is a geriatric service. They recommend that preference be given to patient accessibility and availability, which SRMC—Etowah offers for this type of program, being toward the center of the rural service area.

2. The proposal's relationship to underserved geographic areas and underserved population groups as identified in state, city, county and/or regional plans and other documents should be a significant consideration.

The project serves five counties, all of which contain medically underserved areas. Please see the documentation in the Miscellaneous section of the Attachments.

3. The impact of the proposal on similar services supported by state appropriations should be assessed and considered.

Not applicable.

4. The proposal's relationship to whether or not the facility takes voluntary and/or involuntary admissions, and whether the facility serves acute and/or long-term patients, should be assessed and considered.

The applicant plans to accept involuntary admissions, which have not been accepted in the past. Involuntary ""604" commitments to a geropsychiatric inpatient program will require the immediate availability of legal counsel and a judge to authorize the admission, at whatever time the patient presents. This is often difficult to achieve in a rural area. But the hospital will pursue that capability because it is appropriate in this service area, and an enlarged unit will have more capacity to make it feasible.

5. The degree of projected financial participation in the Medicare and TennCare programs should be considered.

This unit will be more than 98% Medicare-based. TennCare patients aged 55-64 will be served but probably less than 1% of the total admissions.

#### D. Relationship to Existing Similar Services in the Area

# 1. The area's trends in occupancy and utilization of similar services should be considered.

Please see Table Fourteen in Section C.I.5 below for three years' utilization data of the two adult psychiatric services operating within the applicant's five-county geropsychiatric primary service area. The other service is at Skyridge Medical Center Westside, a Community Health Systems hospital in Cleveland, Bradley County. Its occupancy increased over the past three reported years (2010-2012) but was below 50%. However, as pointed out earlier in this application, Skyridge's large 30-bed service emphasizes the care of younger adults; 96.5% of its admissions in CY2012 were younger than 65 years of age. By contrast, 93.3% of SRMC—Etowah's admissions that year were of patients age 65+. In recent years, the two hospitals served largely different age groups, with minimal duplication. While Skyridge has ample bed capacity for those it serves, SRMC—Etowah needs more capacity for those it serves.

#### 2. Accessibility to specific special need groups should be an important factor.

The applicant has demonstrated its accessibility to all payor groups. It is also offering to accept forensic/involuntary admissions with the support of the local judicial system.

#### E. Feasibility

The ability of the applicant to meet Tennessee Department of Mental Health licensure requirements (related to personnel and staffing for psychiatric inpatient facilities) should be considered.

The applicant's geropsychiatric unit is licensed by the Tennessee Department of Health and is in compliance with State requirements. The Department of Mental Health does not license psychiatric beds within hospitals licensed by the Department of Health.

Table Ten-A: PSA Psychiatric Bed Need, Ages 18-64 2000 Guidelines for Growth				
COUNTY	2014	2018	2018 Psychiatric Bed Need @ 30 per 100,000	
	46,514	46,682	14.00	
Anderson	28,299	30,205	9.06	
Bedford	9,385	9,145	2.74	
Benton	7,864	7,736	2.32	
Bledsoe		81,446	24.43	
Blount	77,990		19.80	
Bradley	63,794	65,999	7.69	
Campbell	25,056	25,635	2.65	
Cannon	8,648	8,843		
Carroll	16,555	16,149	4.84	
Carter	35,013	34,504	10.35	
Cheatham	26,105	27,832	8.35	
Chester	10,875	11,169	3.35	
Claiborne	20,121	20,107	6.03	
Clay	4,437	4,331		
Cocke	21,568	21,699		
Coffee	33,843	36,716	11.01	
Crockett	8,533	8,648		
Cumberland	30,946	32,582		
	431,523			
Davidson	6,766			
Decatur	11,436	11,325		
DeKalb		34,827		
Dickson	32,371			
Dyer	22,918	22,851		
Fayette	25,390	27,718		
Fentress	10,807	11,077		
Franklin	25,100	25,864		
Gibson	30,026	30,782	9.23	
Giles	17,541	17,207		
Grainger	13,906			
Greene	42,066			
Grundy	7,742	7,664	2.30	
Hamblen	38,163	38,987	11.70	
Hamilton	217,670		64.79	
Hancock	3,988			
Hardeman	16,881			
Hardin	15,275			
Hawkins	34,949			
	11,051			
Haywood	16,976			
Henderson	18,630			
Henry				
Hickman	15,405			
Houston	4,857			
Humphreys	10,890			
Jackson	6,868			
Jefferson	32,495			
Johnson	11,143			
Knox	291,032	298,570		
Lake	7,376			
Lauderdale	17,11	16,89		
Lawrence	24,62			
Lewis	7,178			
Lincoln	21,65			
Loudon	28,820			
McMinn	31,75			
McNairy	15,590			

Table Ten-A: PSA 2000	Psychiatric Guidelines		
COUNTY	2014	2018	2018 Psychiatric Bed Need @ 30 per 100,000
Macon	14,043	14,665	4.40
Madison	61,626	61,248	18.37
Marion	17,330	17,322	5.20
Marshall	19,167	19,361	5.81
Maury	50,476	50,118	15.04
Meigs	7,398	7,614	2.28
Mónroe	27,318	28,234	8.47
Montgomery	116,312	120,878	36.26
Moore	3,791	3,906	1.17
Morgan	14,118	14,113	4.23
Obion	18,697	18,455	5.54
Overton	13,184	13,384	4.02
Perry	4,568	4,507	1.35
Pickett	2,786	2,687	0.81
Polk	9,911	9,823	2.95
Putnam	48,096	50,496	15.15
Rhea	20,104	20,811	6.24
Roane	32,030	31,951	9.59
Robertson	45,258	50,507	15.15
Rutherford	192,147	214,732	64.42
Scott	13,136	12,990	3.90
Sequatchie	9,151	9,798	2.94
Sevier	57,960	60,259	18.08
Shelby	596,063	593,665	
Smith	12,101	12,474	
Stewart	8,062	8,262	
Sullivan	96,231	98,890	
Sumner	105,847	111,550	
Tipton	40,205	43,023	
Trousdale	5,088	5,302	
Unicoi	10,822	10,775	
Union	11,825	11,843	
Van Buren	3,283	3,177	
Warren	24,234	24,525	
Washington	82,641	85,513	
Wayne	10,737	10,534	3.16
Weakley	25,179	25,016	
White	15,878	16,402	
Williamson	124,846	139,522	
Wilson	76,547	81,200	
State of Tennessee	4,101,723	4,204,944	
Project Service Area	1,101,120	143,566	

Source: TDH May 2013 Population Projections

Table Ten-B: PSA Psychiatric Bed Need, Ages 65+ 2000 Guidelines for Growth				
	2044	2049	2018 Psychiatric Bed Need @ 30	
COUNTY	2014	2018	per 100,000	
Anderson	14,531	16,277	4.88	
Bedford	6,804	7,595	2.28	
Benton	3,698	3,864	1.16	
Bledsoe	2,271	2,525	0.76	
Blount	23,120	25,829	7.75	
Bradley	16,410	18,507	5.55	
Campbell	7,614	8,122	2.44	
Cannon	2,519	2,694	0.81	
Carroll	5,546	5,772	1.73	
Carter	11,049	12,027	3.61	
Cheatham	4,905	5,769	1.73	
Chester	2,749	2,926	0.88	
Claiborne	5,880	6,378	1.91	
Clay	1,704	1,782	0.53	
Cocke	6,669	6,871	2.06	
Coffee	8,115	7,380	2.21	
Crockett	2,550	2,644	0.79	
Cumberland	15,838	15,630	4.69	
Davidson	74,375	85,594	25.68	
Decatur	2,579	2,634	0.79	
DeKalb	3,337	3,678	1.10	
Dickson	6,998	7,566	2.27	
SHICK TO THE PARTY OF THE PARTY	6,273	6,801	2.04	
Dyer	6,955	8,125	2.44	
Fayette	3,566	3,870	1.16	
Fentress	7,465		2.24	
Franklin	8,788	7,463 9,211		
Gibson	5,482	5,892	1.77	
Giles			1.37	
Grainger	4,204	4,557	4.47	
Greene	13,816	14,889		
Grundy	2,637	2,792	0.84	
Hamblen	11,269	12,067	3.62	
Hamilton	56,269	62,554		
Hancock	1,300	1,431	0.43	
Hardeman	4,230			
Hardin	5,397	5,832		
Hawkins	11,259	12,990		
Haywood	2,766			
Henderson	4,737	5,232	1.57	
Henry	6,936			
Hickman	3,953			
Houston	1,643			
Humphreys	3,575	3,809		
Jackson	2,339	2,541		
Jefferson	9,972	11,291		
Johnson	3,748			
Knox	66,392	78,354		
Lake	1,134			
Lauderdale	3,834			
Lawrence	7,483			
Lewis	2,200			
Lincoln	5,209			
Loudon	12,711			
McMinn	9,912			

Table Ten-B: PS	A Psychiatri Guidelines	c Bed Nee for Growth	d, Ages 65+
COUNTY	2014	2018	2018 Psychiatric Bed Need @ 30 per 100,000
McNairy	5,064	5,465	1.64
Macon	3,647	4,132	1.24
Madison	14,350	15,838	4.75
Marion	5,320	5,916	1.77
Marshall	4,798	5,495	1.65
Maury	12,350	14,097	4.23
Meigs	2,457	2,790	0.84
Monroe	8,938	10,340	3.10
Montgomery	16,292	18,946	5.68
Moore	1,270	1,246	0.37
Morgan	3,436	3,796	1.14
Obion	5,922	6,235	1.87
Overton	4,279	4,554	1.37
Perry	1,707	1,909	
Pickett	1,292	1,369	
Polk	3,244	3,540	
Putnam	11,691	12,358	
Rhea	5,982	6,725	
Roane	11,422	12,508	
Robertson	8,126	9,221	
Rutherford	27,218	33,222	
Scott	3,541	3,857	
Seguatchie	2,795	3,277	
Sevier	16,768	19,252	
Shelby	108,570	124,946	
Smith	3,018	3,398	
Stewart	2,510	2,715	
Sullivan	33,325	37,365	
Sumner	25,164	29,697	
Tipton	8,042	9,367	
Trousdale	1,233	1,399	
Unicoi	3,945	4,264	
Union	3,171	3,660	
Van Buren	1,118	1,259	
Warren	6,675	7,203	
Washington	21,731	24,152	
Wayne	3,005	3,219	
Weakley	5,830	6,218	
White	5,051	5,375	
Williamson	23,028	27,729	8.32
Wilson	17,944	21,745	
State of Tennessee	981,984	1,102,413	
Project Service Area		45,833	

Source: TDH May 2013 Population Projections

# <u>Project-Specific Review Criteria: Construction, Renovation, Expansion, and Replacement of Health Care Institutions</u>

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

The Guidelines for Psychiatric Inpatient Care applications have been addressed in the preceding section.

- 2. For relocation or replacement of an existing licensed healthcare institution:
- a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative
- b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

Not applicable; this will be a small expansion of an existing hospital facility.

- 3. For renovation or expansion of an existing licensed healthcare institution:
- a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

The need for additional beds has been presented in Section B.II.B of this application. It is needed to avoid denials of admissions in peak periods of demand.

b. the applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

The unit to be expanded is on an outer wall of the hospital. By its nature, it is a contained and secure unit. Internally, it is bounded by medical-surgical units and services that should not be displaced. So the decision was made to add a small two-room expansion on the end of the geropsychiatric wing. New construction is minimal; and its small cost is only a fourth of the hospital capital expenditure threshold for mandatory CON review.

#### The Framework for Tennessee's Comprehensive State Health Plan

Five Principles for Achieving Better Health

The following Five Principles for Achieving Better Health serve as the basic framework for the State Health Plan. After each principle, the applicant states how this CON application supports the principle, if applicable.

#### 1. Healthy Lives

The purpose of the State Health Plan is to improve the health of Tennesseans. Every person's health is the result of the interaction of individual behaviors, society, the environment, economic factors, and our genetic endowment. The State Health Plan serves to facilitate the collaboration of organizations and their ideas to help address health at these many levels.

As the service area population ages and its mental health needs increase, inpatient units such as this are needed to replace diminished State commitments to maintaining inpatient campuses in major cities. The location of these units closer to residents they serve is also more accessible.

#### 2. Access to Care

Every citizen should have reasonable access to health care.

Many elements impact one's access to health care, including existing health status, employment, income, geography, and culture. The State Health Plan can provide standards for reasonable access, offer policy direction to improve access, and serve a coordinating role to expand health care access.

This unit focuses on the elderly patient age 65+, for whom Medicare assistance is available. This ensures reasonable accessibility to needed care—but only if there are sufficient beds to meet local demands. SRMC—Ethowah has filed this application to avoid encountering increased numbers of days in which beds are not available when the medical staff requests an admission.

#### 3. Economic Efficiencies

The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care system. The State Health Plan should work to identify opportunities to improve the efficiency of the state's health care system and to encourage innovation and competition.

Adult psychiatric inpatient care is provided in the project service area by two hospitals. While they compete, they have also apparently specialized in the patient populations they primarily serve—with the applicant's facility playing a much larger role in the care of elderly patients, and the other facility playing a much larger role in the care of younger adults ages 18-64. This is a blend of the two competing objectives of efficiently utilizing existing investments, while also maintaining effective competition to ensure continuing availability of patient choices based on convenience and quality of care.

#### 4. Quality of Care

Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers. Health care providers are held to certain professional standards by the state's licensure system. Many health care stakeholders are working to improve their quality of care through adoption of best practices and data-driven evaluation.

The applicant is licensed and fully accredited by the Joint Commission.

#### 5. Health Care Workforce

The state should support the development, recruitment, and retention of a sufficient and quality health care workforce. The state should consider developing a comprehensive approach to ensure the existence of a sufficient, qualified health care workforce, taking into account issues regarding the number of providers at all levels and in all specialty and focus areas, the number of professionals in teaching positions, the capacity of medical, nursing, allied health and other educational institutions, state and federal laws and regulations impacting capacity programs, and funding.

The applicant's two-hospital system participates in the training of health professionals in several disciplines. Please see Section C.III.6 of the application.

# C(I).2. DESCRIBE THE RELATIONSHIP OF THIS PROJECT TO THE APPLICANT'S LONG-RANGE DEVELOPMENT PLANS, IF ANY.

The applicant's owner has just acquired the Etowah facility and merged it with Starr Regional Medical Center--Athens within the past year. Long range planning for coordinated operation of both campuses is underway, but is not yet complete.

However, it is already clear that there is a long-standing commitment to high quality behavioral healthcare at the Etowah facility. In recognition of this, the applicant's new owner, LifePoint Hospitals, is proposing substantial capital expenditures in this project to expand and to enhance its program of adult psychiatric services at that campus.

Note: Starr Regional Medical Center has just begun planning a suspension of the Etowah campus's inpatient medical-surgical and critical care services, and potential bed reassignments at the Athens campus, during CY2014. However, it is premature in this application to project specific bed license or bed assignment changes at either campus, except for (a) converting four medical-surgical beds to four psychiatric beds at Etowah, and (b) maintaining the current total complements of licensed beds at each campus for the time being. That is what is shown in the bed data in Part A of this application.

C(I).3. IDENTIFY THE PROPOSED SERVICE AREA AND JUSTIFY THE REASONABLENESS OF THAT PROPOSED AREA. SUBMIT A COUNTY-LEVEL MAP INCLUDING THE STATE OF TENNESSEE CLEARLY MARKED TO REFLECT THE SERVICE AREA. PLEASE SUBMIT THE MAP ON A 8-1/2" X 11" SHEET OF WHITE PAPER MARKED ONLY WITH INK DETECTABLE BY A STANDARD PHOTOCOPIER (I.E., NO HIGHLIGHTERS, PENCILS, ETC.).

The geropsychiatric primary service area of SRMC--Etowah consists of MeMinn, Bradley, Monroe, Polk, and Meigs Counties. Those five contiguous counties contributed 88.4% of the unit's admissions in CY2013. The service area and patient origin for the expanded unit are projected to be the same. Table Eleven on the following page shows each county's projected admissions to the unit in the 14-bed unit's first two years of operation. Service area maps and a map showing the location of the service within the State of Tennessee are provided as Attachments C, Need--3 at the back of the application.

Table Eleven: Patient Origin Projection Starr Regional Hospital EtowahGeropsychiatric Unit 4-Bed Expansion CY2016-CY2017					
County	Admissions CY2013	Percent of Total Admissions	Total	Year One CY2016 Admissions	Year Two CY2017 Admissions
Primary Service Area (PSA) Counties					
McMinn	77	31.82%	31.82%	97	102
Bradley	63	26.03%	57.85%	79	83
Monroe	46	19.01%	76.86%	58	61
Polk	15	6.20%	83.06%	19	20
Meigs	13	5.37%	88.43%	16	17
PSA Subtotal	214	88.43%		270	283
Secondary Service Area (SSA) Counties <3% Each					
8 Other TN Counties	24	9.92%	98.35%	30	32
Other States	4	1.65%	100.00%	5	5
SSA Subtotal	28	11.57%		35	37
Grand Total	242	100.00%	100.00%	305	320

Source: Hospital records and management projections.

# C(I).4.A DESCRIBE THE DEMOGRAPHICS OF THE POPULATION TO BE SERVED BY THIS PROPOSAL.

Please see Table Twelve on the following page. The service area's median age of 41.4 years is approximately 9% higher than the State average of 38.0 years.

Between CY2014 and CY2018, the service area's age 65+ population is projected to increase at a slightly slower rate than the State average (11.9% vs. 12.3%).

However, the 65+ age group in the service area is 17.7% of the total population compared to only 14.9% Statewide. In CY2018, it will be 19.2%, compared to only 16.1% Statewide.

The significant implication of these trends is that, over these next four years, the total increase in the service area population age 65+ will be almost five thousand persons (4,872).

# Table Twelve: Demographic Characteristics of Primary Service Area Starr Medical Center--Etowah Geropsychiatric Programus Four Age Cohorts: 13-17,18-64, 65+, and Total (All Ages) 2014-2018

	BRADLEY	McMINN	MEIGS	MONROE	POLK	TENNESSEE	STATE OF
Demographic	County	County	County	County	County	PSA	TENNESSEE
Median Age-2010 US Census	38.2	41.6	42.9	41.6	42.5	41.4	38.0
Total Population-2014	103,308	53,233	12,205	46,092	16,604	231,442	6,588,698
Total Population-2018	107,481	54,203	12,643	48,088	16,588	239,003	6,833,509
Total Population-% Change 2014 to 2018	4.0%	1.8%	3.6%	4.3%	-0.1%	3.3%	3.7%
Age 65+ Population-2014	16,410	9,912	2 <u>,</u> 457	8,938	3,244	40,961	981,984
% of Total Population	15.9%	18.6%	20.1%	19.4%	19.5%	17.7%	14.9%
Age 65+ Population-2018	18,507	10,656	2,790	10,340	3,540	45,833	1,102,413
% of Total Population	17.2%	19.7%	22.1%	21.5%	21.3%	19.2%	16.1%
Age 65+ Population- % Change 2014-2018	12.8%	7.5%	13.6%	15.7%	9.1%	11.9%	12.3%
Age 18-64 Population-2014	63,794	31,757	7,398	27,318	9,911	140,178	4,101,723
% of Total Population	61.8%	59.7%	60.6%	59.3%	59.7%	60.6%	62.3%
Age 18-64 Population-2018	65,999	31,896	7,614	28,234	9,823	143,566	4,204,944
% of Total Population	61.4%	58.8%	60.2%	58.7%	59.2%	60.1%	61.5%
Age18-64 Population- % Change 2014-2018	3.5%	0.4%	2.9%	3.4%	-0.9%	2.4%	2.5%
				HE WAR			
Age 13-17 Population-2014	7,188	3,430	774	2,840	1,095	15,327	431,259
% of Total Population	7.0%	6.4%	6.3%	6.2%	6.6%	6.6%	6.5%
Age 13-17 Population-2018	7,465	3,311	673	2,859	1,033	15,341	434,810
% of Total Population	6.9%	6.1%	5.3%	5.9%	6.2%	6.4%	6.4%
Age13-17 Population- % Change 2014-2018	3.9%	-3.5%	-13.0%	0.7%	-5.7%	0.1%	0.8%
Median Household Income	\$40,614	\$38,944	\$33,942	\$36,430	\$37,235	37,433	\$44,140
TennCare Enrollees (10/13)	18,036	10,241	2,592	9,950	3,377	8,839	1,198,663
Percent of 2014 Population Enrolled in TennCare	17.5%	19.2%	21.2%	21.6%	20.3%	3.8%	18.2%
Persons Below Poverty Level (2012)	18,389	9,848	2,844	8,896	2,956	42,932	1,139,845
Persons Below Poverty Level As % of Population (US Census)	17.8%	18.5%	23.3%	19.3%	17.8%		

Sources: TDH Population Projections, May 2013; U.S. Census QuickFacts and FactFinder2; TennCare Bureau. PSA data is unweighted average or total of county data. NR means not reported in U.S. Census source document.

C(I).4.B. DESCRIBE THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION, INCLUDING HEALTH DISPARITIES, THE ACCESSIBILITY TO CONSUMERS, PARTICULARLY THE ELDERLY, WOMEN, RACIAL AND ETHNIC MINORITIES, AND LOW-INCOME GROUPS. DOCUMENT HOW THE BUSINESS PLANS OF THE FACILITY WILL TAKE INTO CONSIDERATION THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION.

Like other services of Starr Regional Medical Center--Etowah, this proposed small geropsychiatric bed addition will be accessible to the above groups. It will accept Medicare and commercial patients.

C(I).5. DESCRIBE THE EXISTING OR CERTIFIED SERVICES, INCLUDING APPROVED BUT UNIMPLEMENTED CON'S, OF SIMILAR INSTITUTIONS IN THE SERVICE AREA. INCLUDE UTILIZATION AND/OR OCCUPANCY TRENDS FOR EACH OF THE MOST RECENT THREE YEARS OF DATA AVAILABLE FOR THIS TYPE OF PROJECT. BE CERTAIN TO LIST EACH INSTITUTION AND ITS UTILIZATION AND/OR OCCUPANCY INDIVIDUALLY. INPATIENT BED PROJECTS MUST INCLUDE THE FOLLOWING DATA: ADMISSIONS OR DISCHARGES, PATIENT DAYS, AND OCCUPANCY. OTHER PROJECTS SHOULD USE THE MOST APPROPRIATE MEASURES, E.G., CASES, PROCEDURES, VISITS, ADMISSIONS, ETC.

The project service area's only other provider of adult psychiatric inpatient care is Skyridge Medical Center Westside, a hospital in Cleveland, in Bradley County, near Chattanooga. It is 31.9 miles, and 38 minutes drive time, from Starr Regional Medical Center--Etowah. And, as the map in the Attachments shows, Bradley County is on the south end of this service area. It is obviously farther away than Etowah is, from other service area communities in McMinn, Monroe, and Meigs Counties.

Tables Thirteen and Fourteen on the following two pages provide the utilization of all five service area hospitals from 2010-2012, and the geropsychiatric bed utilization of the two who provide that service. Data are from the Joint Annual Reports of Hospitals.

	Table Thirteen: Licensed F			tion in Pri	imary Se	rvice Area	a	
			-2012					
	2010 Joint Annual Reports of Hospita	S						
State ID	Facility Name	County	Licensed Beds	Admissions	Days	Avg Length of Stay (Days)	Avg Daily Census (Patients)	Occupanc on License Beds
-112	Skyridge Medical Center (Main Campus)	Bradley	251	9,870	37,932	3.8	104	41.49
	Skyridge Medical Center Westside	Bradley	100	819	3,792	4.6	10	
	Athens Regional Medical Center (now SRMC Athens)	McMinn	118	2,441	8,575	3.5	23	19.9
	Woods Memorial Hospital (now SRMC Etowah)	McMinn	72	1,616	8,796	5.4	24	33.5
-	Sweetwater Hospital Association	Monroe	59	2,480	10,557	4.3	29	49.0
_	Copper Basin Medical Center	Polk	25	795	3,067	3.9	8	33.6
_	SERVICE AREA TOTALS	TOIK	625	18,021	72,719	4.0	199	31.9
	SERVICE AREA TOTALS		020	10,021	e-carcenters	1.Suvana	to be since of	Surrey Salar
	CONTRACTOR OF THE PROPERTY OF			a lucia de de de de la constanta de la constan				
	2011 Joint Annual Reports of Hospita	ls						
State		County	Licensed Beds	Admissions	Days	Avg Length of Stay (Days)	Avg Daily Census (Patients)	Occupand on License Beds
ID_	Facility Name	County		8,613	36,187	4.2	99	
	Skyridge Medical Center (Main Campus)	Bradley	251		3,867	4.5	11	
	Skyridge Medical Center Westside	Bradley	100	853			23	
	Athens Regional Medical Center (now SRMC Athens)	McMinn	118	2,299	8,275	3.6	24	
	Woods Memorial Hospital (now SRMC Etowah)	McMinn	72		8,892	5.5		
	Sweetwater Hospital Association	Monroe	59	2,545	11,465	4.5	31	
	Copper Basin Medical Center	Polk	25	942	4,220	4.5		-
-			1					
	I SERVICE AREA TOTALS		625	16,862	72,906	4.3	200	32.0
(108)	SERVICE AREA TOTALS		625	16,862	72,906	4.3	200	32.0
(3.08)	SERVICE AREA TOTALS  2012 Joint Annual Reports of Hospita		625	16,862	72,906	4.3	200	32.0
State	2012 Joint Annual Reports of Hospita		Licensed Beds	Admissions	Days	Avg Length of Stay (Days)	Avg Daily Census* (Patients)	Occupand on License Beds
State ID	2012 Joint Annual Reports of Hospita	County	Licensed		Days 34,361	Avg Length of Stay (Days)	Avg Daily Census* (Patients)	Occupanion Licens Beds 37.4
	2012 Joint Annual Reports of Hospita  Facility Name  Skyridge Medical Center (Main Campus)	County	Licensed Beds	Admissions 8,557 968	Days	Avg Length of Stay (Days) 4,0 4,7	Avg Daily Census* (Patients) 94	Occupanion Licens Beds 37.4 3 12.6
	2012 Joint Annual Reports of Hospita  Facility Name  Skyridge Medical Center (Main Campus)  Skyridge Medical Center Westside	County	Licensed Beds 251	Admissions 8,557 968	Days 34,361	Avg Length of Stay (Days) 4,0 4,7	Avg Daily Census* (Patients) 94	Occupanion Licens Beds 4 37.4 3 12.6 3 19.4
	2012 Joint Annual Reports of Hospital  Facility Name  Skyridge Medical Center (Main Campus)  Skyridge Medical Center Westside  Athens Regional Medical Center (now SRMC Athens)	County Bradley Bradley	Licensed Beds 251	Admissions 8,557 968 2,327	Days 34,361 4,594	Avg Length of Stay (Days) 4.0 4.7 3.6	Avg Daily Census* (Patients) 94 13	Occupan on Licens Beds 4 37.4 3 12.6 3 19.4 28.6
	Pacility Name Skyridge Medical Center (Main Campus) Skyridge Medical Center Westside Athens Regional Medical Center (now SRMC Athens) Woods Memorial Hospital (now SRMC Etowah)	County Bradley Bradley McMinn	Licensed Beds 251 100 118	Admissions 8,557 968 2,327 1,356	Days 34,361 4,594 8,366	Avg Length of Stay (Days) 4.0 4.7 3.6	Avg Daily Census* (Patients) 94 13 23	Occupan on Licens Beds 37.4 3 12.6 3 19.4 28.6
	Facility Name Skyridge Medical Center (Main Campus) Skyridge Medical Center Westside Athens Regional Medical Center (now SRMC Athens) Woods Memorial Hospital (now SRMC Etowah) Sweetwater Hospital Association	County Bradley Bradley McMinn McMinn	Licensed Beds 251 100 118 72	Admissions 8,557 968 2,327 1,356 2,268	Days 34,361 4,594 8,366 7,526 10,251 4,308	Avg Length of Stay (Days) 4.0 4.7 3.6 5.6 4.5	Avg Daily Census* (Patients) 94 13 23 21	Occupanion Licens Beds 3 37.4 3 12.6 3 19.4 28.6 3 47.5
	Pacility Name Skyridge Medical Center (Main Campus) Skyridge Medical Center Westside Athens Regional Medical Center (now SRMC Athens) Woods Memorial Hospital (now SRMC Etowah)	County Bradley Bradley McMinn McMinn Monroe Polk	Licensed Beds 251 100 118 72	Admissions 8,557 968 2,327 1,356 2,268 902	Days 34,361 4,594 8,366 7,526 10,251	Avg Length of Stay (Days) 4.0 4.7 3.6 5.6 4.5	Avg Daily Census* (Patients) 94 13 23 21 28	Occupan on Licens Beds 37.4 3 12.6 3 19.4 28.6 3 47.5 2 47.
	Facility Name  Skyridge Medical Center (Main Campus) Skyridge Medical Center Westside Athens Regional Medical Center (now SRMC Athens) Woods Memorial Hospital (now SRMC Etowah) Sweetwater Hospital Association Copper Basin Medical Center  SERVICE AREA TOTALS	County Bradley Bradley McMinn McMinn Monroe Polk	Licensed Beds 251 100 118 72 59 25 625	Admissions 8,557 968 2,327 1,356 2,268 902 <b>16,378</b>	Days 34,361 4,594 8,366 7,526 10,251 4,308 <b>69,406</b>	Avg Length of Stay (Days) 4.0 4.7 3.6 5.6 4.5 4.8	Avg Daily Census* (Patients) 94 13 23 21 28 12	Occupan on Licens Beds 37.43 12.63 19.4 28.0 3 47.3 47.3 30.3
	Facility Name Skyridge Medical Center (Main Campus) Skyridge Medical Center Westside Athens Regional Medical Center (now SRMC Athens) Woods Memorial Hospital (now SRMC Etowah) Sweetwater Hospital Association Copper Basin Medical Center	County Bradley Bradley McMinn McMinn Monroe Polk	Licensed Beds 251 100 118 72 59 25 625	Admissions 8,557 968 2,327 1,356 2,268 902 <b>16,378</b>	Days 34,361 4,594 8,366 7,526 10,251 4,308 <b>69,406</b>	Avg Length of Stay (Days) 4.0 4.7 3.6 5.6 4.5 4.8	Avg Daily Census* (Patients) 94 13 23 21 28 12	Occupan on Licens Beds 37.43 12.63 19.4 28.0 3 47.3 47.3 30.3
State	Facility Name  Skyridge Medical Center (Main Campus) Skyridge Medical Center (Westside Athens Regional Medical Center (now SRMC Athens) Woods Memorial Hospital (now SRMC Etowah) Sweetwater Hospital Association Copper Basin Medical Center  SERVICE AREA TOTALS  2012 Joint Annual Reports of Hospital	County Bradley Bradley McMinn McMinn Monroe Polk	Licensed Beds 251 100 118 72 59 25 625 29 and Mc	Admissions 8,557 968 2,327 1,356 2,268 902 16,378	Days 34,361 4,594 8,366 7,526 10,251 4,308 69,406	Avg Length of Stay (Days)  4.0  4.7  3.6  5.6  4.5  4.8  4.2  Avg Length of Stay	Avg Daily Census* (Patients) 94 13 23 21 28 12 190 nsolidate Avg Daily Census*	Occupan on Licens Beds 4 37.4 3 12.1 3 19.4 47.2 47.
ID	Facility Name  Skyridge Medical Center (Main Campus) Skyridge Medical Center (Wain Campus) Skyridge Medical Center Westside Athens Regional Medical Center (now SRMC Athens) Woods Memorial Hospital (now SRMC Etowah) Sweetwater Hospital Association Copper Basin Medical Center  SERVICE AREA TOTALS  2012 Joint Annual Reports of Hospital Facility Name	County Bradley Bradley McMinn McMinn Monroe Polk  SBradle	Licensed Beds 251 100 118 72 59 25 625 ey and Mc	Admissions 8,557 968 2,327 1,356 2,268 902 16,378 Minn Hos	Days 34,361 4,594 8,366 7,526 10,251 4,308 69,406 spital Sys	Avg Length of Stay (Days)  4.0 4.7 3.6 5.6 4.5 4.8 4.2  Stems Collapse Avg Length of Stay (Days)	Avg Daily Census* (Patients) 94 13 23 21 28 12 190 nsolidate Avg Daily Census* (Patients)	Occupan on Licens Beds 37.4 3 12.6 3 47.5 47. 30.3
State	Facility Name  Skyridge Medical Center (Main Campus) Skyridge Medical Center (Westside Athens Regional Medical Center (now SRMC Athens) Woods Memorial Hospital (now SRMC Etowah) Sweetwater Hospital Association Copper Basin Medical Center  SERVICE AREA TOTALS  2012 Joint Annual Reports of Hospital  Facility Name Skyridge Medical Center (Main Campus)	County Bradley Bradley McMinn McMinn Monroe Polk  County Bradley	Licensed Beds 251 100 118 72 59 25 625 ey and Mc	Admissions 8,557 968 2,327 1,356 2,268 902 16,378 Minn Hos Admissions 8,557	Days 34,361 4,594 8,366 7,526 10,251 4,308 69,406 spital Sys	Avg Length of Stay (Days)  4.0  4.7  3.6  5.6  4.5  4.8  4.2  Stems Coll  Avg Length of Stay (Days)  4.0	Avg Daily Census* (Patients) 94 13 23 21 28 19 19 nsolidate Avg Daily Census* (Patients)	Occupan on Licens Beds 37.43 12.43 47.3 47.4 47. Occupan on Licens Beds 4 37.
State	Facility Name Skyridge Medical Center (Main Campus) Skyridge Medical Center (Main Campus) Skyridge Medical Center Westside Athens Regional Medical Center (now SRMC Athens) Woods Memorial Hospital (now SRMC Etowah) Sweetwater Hospital Association Copper Basin Medical Center SERVICE AREA TOTALS  2012 Joint Annual Reports of Hospital Facility Name Skyridge Medical Center (Main Campus) Skyridge Medical Center Westside	County Bradley Bradley McMinn McMinn Monroe Polk  County Bradley Bradley Bradley Bradley	Licensed Beds 251 100 118 72 59 25 625 ey and Mc Licensed Beds 251 100	Admissions 8,557 968 2,327 1,356 2,268 902 16,378 Minn Hos Admissions 8,557 968	Days 34,361 4,594 8,366 7,526 10,251 4,308 69,406 spital Sys  Days 34,361 4,594	Avg Length of Stay (Days)  4.0  4.7  3.6  5.6  4.5  4.8  4.2  Stems Coll  Avg Length of Stay (Days)  4.0  4.7	Avg Daily Census* (Patients) 94 13 23 21 28 190 nsolidate Avg Daily Census* (Patients) 94	Occupan on Licens Beds 37.3 12.1 3 19.1 28.3 47.2 47. 30.3 30.3 47.3 47.3 12.3 47.3 47.3 47.3 47.3 47.3 47.3 47.3 47
State	Facility Name  Skyridge Medical Center (Main Campus) Skyridge Medical Center (Westside Athens Regional Medical Center (now SRMC Athens) Woods Memorial Hospital (now SRMC Etowah) Sweetwater Hospital Association Copper Basin Medical Center  SERVICE AREA TOTALS  2012 Joint Annual Reports of Hospital  Facility Name Skyridge Medical Center (Main Campus)	County Bradley Bradley McMinn McMinn Monroe Polk  County Bradley Bradley Bradley Bradley	Licensed Beds 251 100 118 72 59 25 625 ey and Mc	Admissions 8,557 968 2,327 1,356 2,268 902 16,378 Minn Hos Admissions 8,557	Days 34,361 4,594 8,366 7,526 10,251 4,308 69,406 spital Sys	Avg Length of Stay (Days)  4.0  4.7  3.6  5.6  4.5  4.8  4.2  Stems Coll  Avg Length of Stay (Days)  4.0	Avg Daily Census* (Patients) 94 13 23 21 28 190 nsolidate Avg Daily Census* (Patients) 94	Occupan on Licens Beds 37.43 12.13 19.1 28.13 47.2 47. 30.3 47. Cocupan on Licens Beds 4 37.
State	Facility Name  Skyridge Medical Center (Main Campus) Skyridge Medical Center (Westside Athens Regional Medical Center (now SRMC Athens) Woods Memorial Hospital (now SRMC Etowah) Sweetwater Hospital Association Copper Basin Medical Center  SERVICE AREA TOTALS  2012 Joint Annual Reports of Hospital  Facility Name Skyridge Medical Center (Main Campus) Skyridge Medical Center Westside  Skyridge Combined Campuses	County Bradley Bradley McMinn McMinn Monroe Polk  County Bradley Bradley Bradley Bradley	Licensed Beds 251 100 118 72 59 25 625 ey and Mc Licensed Beds 251 100	Admissions 8,557 968 2,327 1,356 2,268 902 16,378  Minn Hos  Admissions 8,557 968 9,525	Days 34,361 4,594 8,366 7,526 10,251 4,308 69,406 spital Sys Days 34,361 4,594 38,955	Avg Length of Stay (Days) 4.0 4.7 3.6 5.6 4.5 4.8 4.2 Stems Col Avg Length of Stay (Days) 4.0 4.7 4.1	Avg Daily Census* (Patients) 94 13 23 21 28 190 nsolidate  Avg Daily Census* (Patients) 94 106	Occupan on Licens Beds 4 37.4 3 12.6 3 47.5 2 47.
State	Facility Name Skyridge Medical Center (Main Campus) Skyridge Medical Center (Main Campus) Skyridge Medical Center Westside Athens Regional Medical Center (now SRMC Athens) Woods Memorial Hospital (now SRMC Etowah) Sweetwater Hospital Association Copper Basin Medical Center SERVICE AREA TOTALS  2012 Joint Annual Reports of Hospital Facility Name Skyridge Medical Center (Main Campus) Skyridge Medical Center Westside	County Bradley Bradley McMinn McMinn Monroe Polk  County Bradley Bradley Bradley Bradley	Licensed Beds 251 100 118 72 59 25 625 ey and Mc Licensed Beds 251 100 351	Admissions 8,557 968 2,327 1,356 2,268 902 16,378  Minn Hos  Admissions 8,557 968 9,525	Days 34,361 4,594 8,366 7,526 10,251 4,308 69,406  pital Sys  Days 34,361 4,594 38,955	Avg Length of Stay (Days)  4.0  4.7  3.6  5.6  4.5  4.8  4.2  Stems Coll  Avg Length of Stay (Days)  4.0  4.7  4.1	Avg Daily Census* (Patients) 94 13 23 21 28 12 190  nsolidate  Avg Daily Census* (Patients) 94 13 106	Occupan on Licens Beds 12.6 3 19.4 47.5 2 47. Occupar on Licens Beds 13.7 12.6 30.3% 3 19.5 19.5 19.5 19.5 19.5 19.5 19.5 19.5

Source: TDH Joint Annual Reports. \*Asterisk denotes leap year for 2012. ADC rounded to whole numbers.

Note: Starr Regional Medical Center in CY2014 has a consolidated license for the former Athens Regional and Woods Memorial campuses.

			-2013					
	2010 Joint Annual Reports of Hospita	s						
State	Facility Name	County	Licensed Psychiatric Beds	Admissions	Days	Avg Length of Stay (Days)	Avg Daily Census (Patients)	Occupancy on License Beds
167	Skyridge Medical Center Westside	Bradley	30	819	3,792	4.6	10.4	34.69
	Woods Memorial Hospital (now SRMC Etowah)	McMinn	10	196	2,191	11.2	6.0	60.0
	SERVICE AREA TOTALS		40	1,015	5,983	5.9	16.4	41.09
7//= 8		Elizabeth Springer				200 DE ( 20)	ETEL TO BE	are A College
	2011 Joint Annual Reports of Hospita	ls	,					
State		County	Licensed Psychiatric Beds	Admissions	Days	Avg Length of Stay (Days)	Avg Daily Census (Patients)	Occupand on License Beds
ID:	Facility Name	Bradley	30	853	3.867	4.5	10.6	35.3
	Skyridge Medical Center Westside Woods Memorial Hospital (now SRMC Etowah)	McMinn	10	189	2,338	12.4	6.4	64.1
	SERVICE AREA TOTALS		40	1,042	6,205	6.0	17.0	42.5
ez tru	SERVICE AREA TOTALS	40/FL 28/8		in planted			Wil to Store	dim se di
10000	2012 Joint Annual Reports of Hospita	ls						
State	Facility Name	County	Licensed Psychiatric Beds	Admissions	Days	Avg Length of Stay (Days)	Avg Daily Census (Patients)	Occupand on License Beds
ID	Skyridge Medical Center Westside	Bradley	30	968	4,594			
_	Woods Memorial Hospital (now SRMC Etowah)	McMinn	10	193	2,253		6.2	
	SERVICE AREA TOTALS		40	1,161	6,847	5.9	18.7	46.8
	2013 Preliminary Utilization Data for	Ioint Ann	ual Repor	ts of Hose	oitals		ALLO MANA	
State		County	Licensed Psychiatric Beds	Admissions	Days	Avg Length of Stay (Days)	Avg Daily Census (Patients)	Occupan on Licens Beds
ID	Skyridge Medical Center Westside	Bradley	30		NR			
	Starr Regional Medical CenterEtowah	McMinn	10	240	2,404	10.0	6.6	65.9

Source: TDH Joint Annual Reports. \*Asterisk denotes leap year for 2012, ADC rounded to whole numbers.

Note: Starr Regional Medical Center in CY2014 has a consolidated license for the former Athens Regional and Woods Memorial campuses.

PROVIDE APPLICABLE UTILIZATION AND/OR OCCUPANCY C(I).6. STATISTICS FOR YOUR INSTITUTION FOR EACH OF THE PAST THREE (3) YEARS AND THE PROJECTED ANNUAL UTILIZATION FOR EACH OF THE THE PROJECT. TWO (2) YEARS FOLLOWING COMPLETION **OF** REGARDING THE DETAILS ADDITIONALLY, **PROVIDE** THE UTILIZATION. THE **PROJECT USED** TO **METHODOLOGY** CALCULATIONS OR DETAILED INCLUDE MUST METHODOLOGY DOCUMENTATION FROM REFERRAL SOURCES, AND IDENTIFICATION OF ALL ASSUMPTIONS.

Tables Sixteen-A and -B on the following two pages provide historic and projected inpatient bed utilization CY2011-CY2017 for SRMC--Etowah's acute care beds of all types, including its 10-bed geropsychiatric unit. Table Fifteen below excerpts from that table the utilization for only the psychiatric unit.

With the pending expansion of admitting physician coverage from three weekdays each week to five weekdays each week, the applicant projects a 10% annual increase of admissions from CY2013 through CY2015. Then admissions growth is projected to slow to 5% annually for the next two years, through CY2017. ALOS is held at 11.0 days in the projections, which is less than the 11.4 Day ALOS at this unit over the last three years. The TDH reported to the applicant that in CY2011 (last period then available) the Statewide average ALOS for admissions of patients 65+ years of age was 12.3 days.

Table Fifteen: Historical and Projected Utilization Starr Regional Medical Center Geropsychiatric Unit CY2010-CY2017								
			Average	Detient Dave	Average			
	1 1	Admissions /	Daily	Patient Days	Annual			
Year	Beds	Patient Days	Census	of Capacity	Occupancy			
CY2011	10	189 / 2,338	6.4	3,650	64.1%			
CY2012*	10	193 / 2,253	6.2	3,660	61.6%			
CY2013	10	240 / 2,404	6.6	3,650	65.9%			
CY2014	10	264 / 2,904	8.0	3,650	79.6%			
CY2015	12	290 / 3,190	8.7	4,380	72.8%			
CY2016*Yr 1	14	305 / 3,355	9.2	5,124	65.5%			
CY2017 Yr 2	14	320 / 3,520	9.6	5,110	68.9%			

Source: Table Sixteen. Asterisks denote leap years of 366 days.

Table Sixteen-A: Woods Memorial Hospital / Starr Regional Medical Center Etowah
Utilization of Licensed Beds, CY 2011-CY2013

	Actual 2011	Actual 2012*	Actual 2013
Total Beds	72	72	72
Admissions	1,565	1,402	1,212
Patient Days	8,374	6,859	5,955
ALOS on Admissions	5.4	5	5
ADC on Admissions	22.9	18.7	16.3
Occupancy on Admissions	31.9%	26.0%	22.7%
23-Hour Observation Days	644	330	668
Total Bed Days	9,018	7,189	6,623
Total ADC	24.7	19.6	18.1
Total Occupancy	34.3%	27.3%	25.2%
Millian Cocapanicy	arano di sentente		
Medical-Surgical Beds	54	54	54
Admissions	1,014	888	835
Patient Days	5,039	3,874	2,737
ALOS on Admissions	5.0	4.4	3.3
ADC on Admissions	13.8	10.6	7.5
Occupancy on Admissions	25.6%	19.6%	13.9%
23-Hour Observation Days	644	330	630
Total Bed Days	5,683	4,204	3,367
Total ADC	15.6	11.5	9.2
Total Occupancy	28.8%	21.3%	17.1%
Total Cocapano)			
Critical & Intermediate Care Beds	8	8	8
Admissions	362	321	137
Patient Days	997	732	814
ALOS on Admissions	2.8	2.3	5.9
ADC on Admissions	2.7	2.0	2.2
Occupancy on Admissions	34.1%	25.1%	27.9%
23-Hour Observation Days			38
Total Bed Days	997	732	852
Total ADC	2.7	2.0	2.3
Total Occupancy	34.1%	25.0%	29.2%
		A STATE OF THE SAME	
Psychiatric Beds	10	10	10
Admissions	189	193	240
Patient Days	2,338	2,253	2,404
ALOS on Admissions	12.4	11.7	10.0
ADC on Admissions	6.4	6.2	6.6
Occupancy on Admissions	64.1%	61.6%	65.9%
23-Hour Observation Days	0		
Total Bed Days	2,338	2,253	2,404
Total ADC	6.4	6.2	6.6
Total Occupancy	64.1%	61.6%	65.9%

Source: TDH Joint Annual Reports and hospital records.

<sup>\*</sup>Asterisk denotes leap year for 2012.

# Table Sixteen-B: Starr Regional Medical Center Etowah Projected Utilization of Licensed Beds, CY 2014 - CY 2017 4 Bed Conversion

	, 200 00		Year One	Year Two
		D : 004F	Proj. 2016*	Proj. 2017
	Proj. 2014	Proj. 2015		72
Total Beds	72	72	72	320
Admissions	1,236	290	305	
Patient Days	6,455	3,190	3,355	3,520
ALOS on Admissions	5.2	11.0	11	11
ADC on Admissions	17.7	8.7	9.2	9.6
Occupancy on Admissions	24.6%	12.1%	12.7%	13.4%
23-Hour Observation Days	668	0	0	0
Total Bed Days	7,123	3,190	3,355	3,520
Total ADC	19.5	8.7	9.2	9.6
Total Occupancy	27.1%	12.1%	12.7%	13.4%
Antistation of the same of the				
Medical-Surgical Beds	54	52	50	50
Admissions	835	0	0	0
Patient Days	2,737	0	0	0
ALOS on Admissions	3.3	#DIV/0!	#DIV/0!	#DIV/0!
ADC on Admissions	7.5	0.0	0.0	0.0
Occupancy on Admissions	13.9%	0.0%	0.0%	0.0%
23-Hour Observation Days	630	0	0	0
Total Bed Days	3,367	0	0	0
Total ADC	9.2	0.0	0.0	0.0
Total Occupancy	17.1%	0.0%	0.0%	0.0%
		Z Wilying Dock - November		
Critical & Intermediate Care Beds	8	8	8	8
Admissions	137	0	0	0
Patient Days	814	0	0	0
ALOS on Admissions	5.9	#DIV/0!	#DIV/0!	#DIV/0!
ADC on Admissions	2.2	0.0	0.0	0.0
Occupancy on Admissions	27.9%	0.0%	0.0%	0.0%
23-Hour Observation Days	38	0	.0	0
Total Bed Days	852	0	0	0
Total ADC	2.3	0.0	0.0	0.0
Total Occupancy	29.2%	0.0%	0.0%	0.0%
		Tive States		图 图 图 图
Psychiatric Beds	10	12	14	14
Admissions	264	290	305	320
Patient Days	2,904	3,190	3,355	3,520
ALOS on Admissions	11.0	11.0	11.0	11.0
ADC on Admissions	8.0	8.7	9.2	9.6
Occupancy on Admissions	79.6%	72.8%	65.5%	68.9%
23-Hour Observation Days				
Total Bed Days	2,904	3,190	3,355	3,520
Total ADC	8.0	8.7	9.2	9.6
Total Occupancy	79.6%	72.8%	65.5%	68.9%
Total Occupancy	75.070	1 2.0 /0	331370	CONTRACTOR OF THE PARTY OF THE

Source: Hospital management projections. \*Asterisk denotes leap year for 2012.

C(II)1. PROVIDE THE COST OF THE PROJECT BY COMPLETING THE PROJECT COSTS CHART ON THE FOLLOWING PAGE. JUSTIFY THE COST OF THE PROJECT.

- ALL PROJECTS SHOULD HAVE A PROJECT COST OF AT LEAST \$3,000 ON LINE F (MINIMUM CON FILING FEE). CON FILING FEE SHOULD BE CALCULATED ON LINE D.
- THE COST OF ANY LEASE (BUILDING, LAND, AND/OR EQUIPMENT) SHOULD BE BASED ON FAIR MARKET VALUE OR THE TOTAL AMOUNT OF THE LEASE PAYMENTS OVER THE INITIAL TERM OF THE LEASE, WHICHEVER IS GREATER. NOTE: THIS APPLIES TO ALL EQUIPMENT LEASES INCLUDING BY PROCEDURE OR "PER CLICK" ARRANGEMENTS. THE METHODOLOGY USED TO DETERMINE THE TOTAL LEASE COST FOR A "PER CLICK" ARRANGEMENT MUST INCLUDE, AT A MINIMUM, THE PROJECTED PROCEDURES, THE "PER CLICK" RATE AND THE TERM OF THE LEASE.
- THE COST FOR FIXED AND MOVEABLE EQUIPMENT INCLUDES, BUT IS NOT NECESSARILY LIMITED TO, MAINTENANCE AGREEMENTS COVERING THE EXPECTED USEFUL LIFE OF THE EQUIPMENT; FEDERAL, STATE, AND LOCAL TAXES AND OTHER GOVERNMENT ASSESSMENTS; AND INSTALLATION CHARGES, EXCLUDING CAPITAL EXPENDITURES FOR PHYSICAL PLANT RENOVATION OR IN-WALL SHIELDING, WHICH SHOULD BE INCLUDED UNDER CONSTRUCTION COSTS OR INCORPORATED IN A FACILITY LEASE.
- FOR PROJECTS THAT INCLUDE NEW CONSTRUCTION, MODIFICATION, AND/OR RENOVATION; DOCUMENTATION MUST BE PROVIDED FROM A CONTRACTOR AND/OR ARCHITECT THAT SUPPORT THE ESTIMATED CONSTRUCTION COSTS.

On the Project Costs Chart, all cost factors were estimated by the facility planning staff of LifePoint Hospitals, based on schematic architectural plans, discussions with the project architect, and current cost experience in other similar markets.

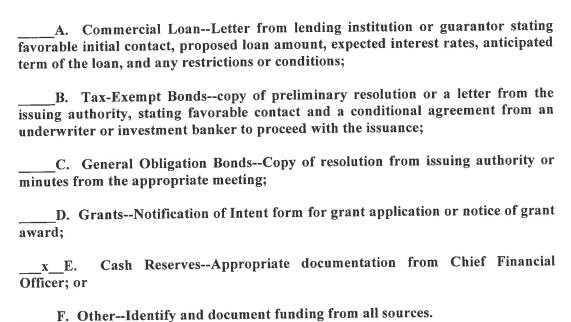
The architect's letter supporting the construction cost estimate is provided in Attachment C, Economic Feasibility--1.

## PROJECT COSTS CHART -- STARR REGIONAL HOSPITAL GEROPSYCHIATRIC EXPANSION

### Construction and equipment acquired by purchase: Α. 40,000 1. Architectural and Engineering Fees 2. Legal, Administrative, Consultant Fees (Excl CON Filing) 18,000 0 3. Acquisition of Site 0 4. Preparation of Site 825,000 5. Construction Cost 240,000 6. Contingency Fund 45.000 7. Fixed Equipment (Not included in Construction Contract) 8. Moveable Equipment (List all equipment over \$50,000) 50,000 9. Other (Specify) Acquisition by gift, donation, or lease: В. 1. Facility (inclusive of building and land) 2. Building only 3. Land only 0 4. Equipment (Specify) 5. Other (Specify) Financing Costs and Fees: 61,050 1. Interim Financing 0 2. Underwriting Costs 0 3. Reserve for One Year's Debt Service 4. Other (Specify) D. Estimated Project Cost 1,279,050 (A+B+C)3,000 E. **CON Filing Fee** TOTAL \$\_\_\_\_\_1,282,050 Total Estimated Project Cost (D+E) F. Actual Capital Cost 1,282,050 Section B FMV 0

C(II).2. IDENTIFY THE FUNDING SOURCES FOR THIS PROJECT.

a. PLEASE CHECK THE APPLICABLE ITEM(S) BELOW AND BRIEFLY SUMMARIZE HOW THE PROJECT WILL BE FINANCED. (DOCUMENTATION FOR THE TYPE OF FUNDING MUST BE INSERTED AT THE END OF THE APPLICATION, IN THE CORRECT ALPHANUMERIC ORDER AND IDENTIFIED AS ATTACHMENT C, ECONOMIC FEASIBILITY—2).



The project will be funded/financed by LifePoint Hospitals, the parent company of the applicant facility. Documentation of financing is provided in Attachment C, Economic Feasibility--2.

C(II).3. DISCUSS AND DOCUMENT THE REASONABLENESS OF THE PROPOSED PROJECT COSTS. IF APPLICABLE, COMPARE THE COST PER SQUARE FOOT OF CONSTRUCTION TO SIMILAR PROJECTS RECENTLY APPROVED BY THE HSDA.

The justification of costs was provided in an earlier section, which is repeated here:

Hospital construction projects approved by the HSDA in 2010-2012 had the following construction costs per SF:

Table Four (Repeated): Hospital Construction Cost PSF								
	Years: 20	10 – 2012						
	Renovated New Total							
	Construction	Construction	Construction					
1 <sup>st</sup> Quartile	\$99.12/sq ft	\$234.64/sq ft	\$167.99/sq ft					
Median \$177.60/sq ft \$259.66/sq ft \$235.00/sq ft								
3 <sup>rd</sup> Quartile	\$249.00/sq ft	\$307.80/sq ft	\$274.63/sq ft					

Source: CON approved applications for years 2010 through 2012

The proposed project at Etowah is consistent with those cost ranges. Its overall \$133.50 PSF cost of construction, and its new construction cost PSF, are both below the 1<sup>st</sup> quartile of Statewide averages, as shown below. Its renovation is below the median.

Table Three (Repeated): Construction Cost Factors (Rounded)								
	Renovated							
	Construction	New Construction	Total Construction					
Square Feet	5,201 SF	980 SF	6,181 SF					
Construction Cost	\$677,950	\$147,050	\$825,000					
Constr. Cost PSF	\$130.35 PSF	\$150.05	\$133.50					

C(II).4. COMPLETE HISTORICAL AND PROJECTED DATA CHARTS ON THE FOLLOWING TWO PAGES--DO NOT MODIFY THE CHARTS PROVIDED OR SUBMIT CHART SUBSTITUTIONS. HISTORICAL DATA CHART REPRESENTS REVENUE AND EXPENSE INFORMATION FOR THE LAST THREE (3) YEARS FOR WHICH COMPLETE DATA IS AVAILABLE PROJECTED DATA CHART REQUESTS FOR THE INSTITUTION. INFORMATION FOR THE TWO YEARS FOLLOWING COMPLETION OF PROJECTED DATA CHART SHOULD INCLUDE THIS PROPOSAL. REVENUE AND EXPENSE PROJECTIONS FOR THE PROPOSAL ONLY (I.E., APPLICATION IS FOR ADDITIONAL BEDS, **INCLUDE** ANTICIPATED REVENUE FROM THE PROPOSED BEDS ONLY, NOT FROM ALL BEDS IN THE FACILITY).

See the following pages for these charts, with notes where applicable.

On both the Historical Data and Projected Data Charts, the fees paid to affiliates are the normal payments to LifePoint Hospitals for various centralized support services. The fees paid to non-affiliates are entirely fees paid to Horizon Health, the management company for the geropsychiatric unit. Those fees were reduced through negotiation in 2011-2013; and they will be further reduced to the flat fees shown in the Projected Data Chart. The Horizon fees include compensation paid to on-site management staff and to the Medical Director.

In the notes to the Historic Data Chart, there are some credits listed as miscellaneous revenues. The largest is a Medicare payment in support of conversion to electronic medical records.

# HISTORICAL DATA CHART -- STARR REGIONAL MEDICAL CENTER

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in January.

THE	Hocai	year begins in sa	indui y .							
						CY2011		CY2012		CY2013
				Admissions		3909	_	3672		3,533
A.	Utili:	zation Data		Patient Days	_	17,167		15,775	_	14,703
В.	Reve	enue from Service	es to Patients							
	1.	Inpatient Service	ces		\$_	68,046,402	-	79,125,119		78,837,543
	2.	Outpatient Serv	vices			156,162,184	_	163,694,012		180,271,920
	3.	Emergency Ser	vices							0
	4.	Other Operating	g Revenue			384,082	77=	377,146		327,086
		(Specify) Se	ee notes page							0
		-		Gross Operating Revenue	\$_	224,592,668	\$_	243,196,277	\$_	259,436,549
C.	Ded	uctions for Opera	ating Revenue							
	1.	Contractual Ad	justments		\$_	149,096,749	\$_	165,240,629	1	180,385,714
	2.	Provision for Ch	harity Care			1,327,376	_	1,249,434	_	1,385,332
	3.	Provisions for B	Bad Debt			9,929,194		10,744,844		14,838,336
				<b>Total Deductions</b>	\$_	160,353,319	\$_	177,234,907	\$_	196,609,382
NET	OPER	ATING REVENUE			\$_	64,239,349	\$_	65,961,370	\$_	62,827,167
D.	Ope	rating Expenses								
	1.	Salaries and Wa	ages		\$_	23,240,910		24,335,977		22,394,273
	2.	Physicians Sala	ries and Wages		200	147,692		0		0
	3.	Supplies				9,078,376		9,608,479		8,509,847
	4.	Taxes			***	2,405,790		3,640,707	_	4,393,462
	5.	Depreciation				2,812,217	_	3,233,831	4	4,087,664
	6.	Rent			<u></u>	499,743	_	374,697	-	286,752
	7.	Interest, other	than Capital			4,287,292	-	4,476,625	_	4,610,371
	8.	Management Fo	ees		_					
		a. Fees to Affi	iliates			1,815,588		2,213,400		2,851,344
		b. Fees to Nor	n-Affiliates			626,696	-	693,324	-	532,937
	9.	Other Expenses	s (Specify)	See notes page	_	16,234,144	-	17,385,418		16,722,371
				<b>Total Operating Expenses</b>	\$_	61,148,448	\$_	65,962,458		64,389,020
E.	Oth	er Revenue (Expe	enses) Net (Sp	ecify)	\$_	742,556	\$_	2,180,127	\$_	2,587,865
NET	OPER	ATING INCOME (	LOSS)		\$_	3,833,457	\$_	2,179,039	\$_	1,026,011
F.	Сар	ital Expenditures								
	1.	Retirement of I	Principal		\$_	417,153	\$_	402,264	\$_	270,891
	2.	Interest				37,353		94,746		75,298
				<b>Total Capital Expenditures</b>	\$_	454,506	\$_	497,010	\$	346,189
NET	OPER	ATING INCOME (	LOSS)							
LES	S CAF	ITAL EXPENDITU	RES		\$	3,378,951	\$	1,682,029	\$	679,822

### HISTORIC DATA CHART DETAIL OF D.9, OTHER EXPENSES

Expense Category		CY2011	CY2012	CY2013
Other Expenses				
LEGAL AND ACCOUNTING SERVICES		\$7,148.00	\$31,992.69	\$195,426.06
MARKETING EXPENSES		\$160,464.00	\$132,671.61	\$118,557.32
POSTAGE AND TRANSPORTATION		\$83,037.00	\$94,373.09	\$104,370.00
TRAVEL AND ENTERTAINMENT		\$68,195.00	\$121,974.42	\$126,826.12
DUES AND SUBSCRIPTIONS		\$65,279.00	\$142,711.36	\$219,642.29
EDUCATION AND DEVELOPEMENT		\$679,267.00	\$50,799.81	\$48,885.60
PHYSICIAN RECRUITMENT			\$239,393.67	\$86,537.17
OPER EXP-OTHER		\$573,844.00	\$433,666.00	\$140,335.98
Loss on sale of assets				\$891.26
BENEFITS		\$4,509,636.08	\$5,627,425.00	\$5,043,219.00
PROFESSIONAL FEES		\$1,712,111.00	\$2,189,393.00	\$2,892,543.00
CONTRACT SERVICES		\$4,944,396.00	\$4,515,705.00	\$4,184,855.00
REPAIRS AND MAINTENANCE		\$1,564,992.00	\$1,864,989.00	\$1,698,115.00
UTILITIES		\$1,399,930.00	\$1,446,089.00	\$1,393,461.00
INSURANCE		\$465,844.71	\$494,234.00	\$468,706.00
Moonning	Total	\$16,234,143.79	\$17,385,417.65	\$16,722,370.80

# DETAIL OF OTHER REVENUE CREDITS

Credit / Revenue Category	CY2011	CY2012	CY2013
Interest Income	-\$1,297.00	-\$1,461.80	-\$1,778.90
Divident income	-\$501,627.00	-\$1,629,145.00	-\$2,578,453.00
Gain on Sale of Assets	-\$8,908.00	-\$48,107.90	
Gain on Sale of Home Health	-\$230,724.00		
Gain on Sale of Dialysis		-\$501,412.00	
Other Income and expense			-\$7,632.68
Total	-\$742,556.00	-\$2,180,126.70	-\$2,587,864.58

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in \_\_\_\_ (Month).

1110	113Cai	your bogino in (.versity)			CY 2016		CY 2017
			Admissions		305	_	320
A.	Utiliz	zation Data	Patient Days	_	3,355	-	3,520
В.	Reve	enue from Services to Patients					
	1.	Inpatient Services		\$	6,893,771	\$_	7,689,380
	2.	Outpatient Services		-			
	3.	Emergency Services		-		-	
	4.	Other Operating Revenue (Spec	cify) See notes page	_		-	
			Gross Operating Revenue	\$_	6,893,771	\$_	7,689,380
C.	Ded	uctions for Operating Revenue					
	1.	Contractual Adjustments		\$_	4,177,636	\$_	4,835,099
	2.	Provision for Charity Care		-	68,938	_	76,894
	3.	Provisions for Bad Debt	estimated		30,000	_	30,000
			Total Deductions	\$_	4,276,574	* <b>_</b>	4,941,993
NET	OPER	ATING REVENUE		\$_	2,617,197	\$_	2,747,387
D.	Оре	rating Expenses					
	1.	Salaries and Wages		\$_	980,945	\$_	1,029,188
	2.	Physicians Salaries and Wages		_	0		0
	3.	Supplies			20,393		21,412
	4.	Taxes		_	5,206	-	5,206
	5.	Depreciation		_	89,479	_	89,479
	6.	Rent		-	66	_	69
	7.	Interest, other than Capital	*6.7% of net rev	_	175,352	_	184,075
	8.	Management Fees					
		a. Fees to Affiliates		-	114,152		114,152
		b. Fees to Non-Affiliates			425,000		425,000
	9.	Other Expenses (Specify)	See notes page		187,716		196,458
		Portion of Utilities, & SMS			35,767		35,767
			<b>Total Operating Expenses</b>	\$_	2,034,077	\$_	2,100,806
E.	Oth	ner Revenue (Expenses) Net (S	pecify)	\$_		\$_	
NET	OPE	RATING INCOME (LOSS)		\$	583,121	\$_	646,581
F.	Cap	oital Expenditures					
	1.	Retirement of Principal		\$			
	2.	Interest					
			<b>Total Capital Expenditures</b>	\$		•), , ,	
NET	OPE	RATING INCOME (LOSS)					
LES	S CAI	PITAL EXPENDITURES		\$ =	583,121	\$	646,581

# PROJECTED DATA CHART DETAIL OF D.9, OTHER EXPENSES

Expense Category	CY2016	CY2017
Salaries and Wages	\$980,945	\$1,029,188
Benefits	\$130,221	\$136,626
Supplies	\$20,393	\$21,412
Professional Fees	\$0	\$0
Contract Services	\$425,000	\$425,000
Repairs and Maintenance	\$1,674	\$1,758
Rents and Leases	\$66	\$69
Utilities	\$0	\$0
Insurance	\$0	\$0
Investment Income	\$0	\$0
Taxes	\$0	\$0
Other Operating Expense	\$201	\$211
Food Expense	\$45,620	\$47,863
Marketing Expense	\$10,000	\$10,000
Total	\$187,716	\$196,458

C(II).5. PLEASE IDENTIFY THE PROJECT'S AVERAGE GROSS CHARGE, AVERAGE DEDUCTION FROM OPERATING REVENUE, AND AVERAGE NET CHARGE.

Table Seventeen: Average Charges, Deduction Income	is, Net Charges, F	vei Operating
	CY2016	CY2018
Patient Days	3,355	3,520
Admissions or Discharges	305	320
Average Gross Charge Per Day	\$2,055	\$2,184
Average Gross Charge Per Admission	\$22,603	\$24,029
Average Deduction from Operating Revenue per Day	\$1,275	\$1,404
Average Deduction from Operating Revenue per Admission	\$14,022	\$15,444
Average Net Charge (Net Operating Revenue) Per Day	\$780	\$781
Average Net Charge (Net Operating Revenue) Per Admission	\$8,581	\$8,586
Average Net Operating Income after Expenses, Per Day	\$174	\$184
Average Net Operating Income after Expenses, Per Admission	\$1,912	\$2,021

Source: Projected Data Chart

C(II).6.A. PLEASE PROVIDE THE CURRENT AND PROPOSED CHARGE SCHEDULES FOR THE PROPOSAL. DISCUSS ANY ADJUSTMENT TO CURRENT CHARGES THAT WILL RESULT FROM THE IMPLEMENTATION OF THE PROPOSAL. ADDITIONALLY, DESCRIBE THE ANTICIPATED REVENUE FROM THE PROPOSED PROJECT AND THE IMPACT ON EXISTING PATIENT CHARGES.

The project will not cause an increase in charges beyond what the normal annual charge adjustment would be. The capital investment required for the project is very small. The response to C(II).6.B on the following page provides current and proposed charge information for the unit. Charges in this service are not particularly relevant because almost all of the unit's services will be reimbursed at whatever levels are set by Medicare.

C(II).6.B. COMPARE THE PROPOSED CHARGES TO THOSE OF SIMILAR FACILITIES IN THE SERVICE AREA/ADJOINING SERVICE AREAS, OR TO PROPOSED CHARGES OF PROJECTS RECENTLY APPROVED BY THE HSDA. IF APPLICABLE, COMPARE THE PROJECTED CHARGES OF THE PROJECT TO THE CURRENT MEDICARE ALLOWABLE FEE SCHEDULE BY COMMON PROCEDURE TERMINOLOGY (CPT) CODE(S).

The projected average gross charges for this project are comparable to the average gross charges for the only other adult psychiatric inpatient unit in the service area. in CY2012, the most recent year for which JAR data is available, SRMC--Etowah's average gross charge per <u>day</u> was 30% lower than Skyridge's. SRMC's average gross charge per <u>admission</u> was higher than Skyridge's, primarily because SRMC served the 65+ patients who required a much longer stay in the hospital (11.7 days), whereas Skyridge's patient population was predominantly 18-64 years of age, with only a 4.8 day length of stay.

T	able Eighteer	n: Compar	ative Gross C Psychiatric Inj	harges in the	e Service Are	ea
Provider	Admissions	Patient Days	Gross IP Charges	Average Gross Charge Per Day	Average Gross Charge Per Admission	Average Length of Stay
Skyridge MC West	968	4,594	\$12,302,726	\$2,678	\$12,709	4.8 days
Starr RMC Etowah	193	2,253	\$4,197,225	\$1,863	\$21,747	11.7 days

Source: TDH Joint Annual Reports of Hospitals, 2012.

The following page contains a table showing the most frequent DRG's admitted to the SRMC geropsychiatric program, with their current average charges, their current levels of Medicare reimbursement, and their projected Years One and Two average gross charges.

	Table Nineteen: Starr Regi Charge Data for Most Frequent Adr	onal Medical nissions DRO	G'sGeropsy	chiatric Unit	
		C	Avera	ige Gross C	narge
DRG	Descriptor	Current Medicare Allowable	Current	Year 1	Year 2
884	ORGANIC DISTURBANCES & MENTAL RETARDATION	\$9,686.73	\$23,376.98	\$23,376.98	\$23,376.98
885	PSYCHOSES	\$5,305.72	\$16,960.31	\$16,960.31	\$16,960.31
57	DEGENERATIVE NERVOUS SYSTEM DISORDERS W/O MCC	\$8,155.64	\$19,402.24	\$19,402.24	\$19,402.24
881	DEPRESSIVE NEUROSES	\$4,260.63	\$15,244.30	\$15,244.30	\$15,244.30
880	ACUTE ADJUSTMENT REACTION & PSYCHOSOCIAL DYSFUNCTION	\$2,766.50	\$5,748.56	\$5,748.56	\$5,748.56
886	BEHAVIORAL & DEVELOPMENTAL DISORDERS	\$3,697.98	\$11,554.04	\$11,554.04	\$11,554.04
896	DEPENDENCE W/O REHABILITATION THERAPY	\$1,498.71	\$3,418.20	\$3,418.20	\$3,418.20
897	DEPENDENCE W/O REHABILITATION THERAPY	\$4,899.63	\$14,163.99	\$14,163.99	\$14,163.99

Source: Hospital Management, Charge increases are not projected at this time.

# C(II).7. DISCUSS HOW PROJECTED UTILIZATION RATES WILL BE SUFFICIENT TO MAINTAIN COST-EFFECTIVENESS.

The utilization increases reasonably projected for the unit will ensure that it continues to operate cost-effectively.

# C(II).8. DISCUSS HOW FINANCIAL VIABILITY WILL BE ENSURED WITHIN TWO YEARS; AND DEMONSTRATE THE AVAILABILITY OF SUFFICIENT CASH FLOW UNTIL FINANCIAL VIABILITY IS MAINTAINED.

This is an existing program with a modest positive operating margin. It will continue to operate with a positive margin as census increases in response to availability of improved medical coverage and availability of additional inpatient beds.

C(II).9. DISCUSS THE PROJECT'S PARTICIPATION IN STATE AND FEDERAL REVENUE PROGRAMS, INCLUDING A DESCRIPTION OF THE EXTENT TO WHICH MEDICARE, TENNCARE/MEDICAID, AND MEDICALLY INDIGENT PATIENTS WILL BE SERVED BY THE PROJECT. IN ADDITION, REPORT THE ESTIMATED DOLLAR AMOUNT OF REVENUE AND PERCENTAGE OF TOTAL PROJECT REVENUE ANTICIPATED FROM EACH OF TENNCARE, MEDICARE, OR OTHER STATE AND FEDERAL SOURCES FOR THE PROPOSAL'S FIRST YEAR OF OPERATION.

As a geropsychiatric unit focusing almost entirely on Medicare-age patients, almost all of the payor mix will consist of Medicare and managed Medicare revenues. The percentages below are for the psychiatric unit over the past 17 months. This mix is projected to remain approximately the same in the near future.

Table Twenty: Medicar	re and TennCare/Medic	caid Revenues, Year One
	Medicare	TennCare/Medicaid
Gross Revenue	\$6,799,326	\$42,741
Percent of Gross Revenue	98.63%	0.62%%

C(II).10. PROVIDE COPIES OF THE BALANCE SHEET AND INCOME STATEMENT FROM THE MOST RECENT REPORTING PERIOD OF THE INSTITUTION, AND THE MOST RECENT AUDITED FINANCIAL STATEMENTS WITH ACCOMPANYING NOTES, IF APPLICABLE. FOR NEW PROJECTS, PROVIDE FINANCIAL INFORMATION FOR THE CORPORATION, PARTNERSHIP, OR PRINCIPAL PARTIES INVOLVED WITH THE PROJECT. COPIES MUST BE INSERTED AT THE END OF THE APPLICATION, IN THE CORRECT ALPHANUMERIC ORDER AND LABELED AS ATTACHMENT C, ECONOMIC FEASIBILITY--10.

These are provided as Attachment C, Economic Feasibility--10.

C(II)11. DESCRIBE ALL ALTERNATIVES TO THIS PROJECT WHICH WERE CONSIDERED AND DISCUSS THE ADVANTAGES AND DISADVANTAGES OF EACH ALTERNATIVE, INCLUDING BUT NOT LIMITED TO:

- A. A DISCUSSSION REGARDING THE AVAILABILITY OF LESS COSTLY, MORE EFFECTIVE, AND/OR MORE EFFICIENT ALTERNATIVE METHODS OF PROVIDING THE BENEFITS INTENDED BY THE PROPOSAL. IF DEVELOPMENT OF SUCH ALTERNATIVES IS NOT PRACTICABLE, THE APPLICANT SHOULD JUSTIFY WHY NOT, INCLUDING REASONS AS TO WHY THEY WERE REJECTED.
- B. THE APPLICANT SHOULD DOCUMENT THAT CONSIDERATION HAS BEEN GIVEN TO ALTERNATIVES TO NEW CONSTRUCTION, E.G., MODERNIZATION OR SHARING ARRANGEMENTS. IT SHOULD BE DOCUMENTED THAT SUPERIOR ALTERNATIVES HAVE BEEN IMPLEMENTED TO THE MAXIMUM EXTENT PRACTICABLE.

Maintaining the status quo at 10 beds was rejected because SRMC--Etowah is the only provider of significant levels of geropsychiatric care in this rural five county area' and its admissions peaks over 80% occupancy are now so frequent that, in CY2014, the unit will begin turning away admissions for lack of bed space.

A four-bed expansion was chosen instead of two beds, because the hospital needs to be assured of having sufficient beds to meet demand for at least four more years beyond CY2015. As the graph in B.II.C showed, even the CY2013 levels of utilization (which will increase as medical coverage increases) had many peaks in which census would have exceeded 80% occupancy on a twelve-bed unit.

Renovation of existing space is being proposed to the maximum extent for this project; only its second phase requires a small amount of new construction.

C(III).1. LIST ALL EXISTING HEALTH CARE PROVIDERS (I.E., HOSPITALS, NURSING HOMES, HOME CARE ORGANIZATIONS, ETC.) MANAGED CARE ORGANIZATIONS, ALLIANCES, AND/OR NETWORKS WITH WHICH THE APPLICANT CURRENTLY HAS OR PLANS TO HAVE CONTRACTUAL AND/OR WORKING RELATIONSHIPS, E.G., TRANSFER AGREEMENTS, CONTRACTUAL AGREEMENTS FOR HEALTH SERVICES.

Starr Regional Medical Center Etowah coordinates closely with its main campus at Athens on all matters of acute care operations. Discharge decisions are not made by the hospital but are facilitated by the hospital, at the patient's direction. Nursing homes in the area provide post-acute / long term care to many patients discharged from SRMC-Etowah. Service area nursing homes include the following:

McMinn County: Etowah Health Care Center; LifeCare Center of Athens; McMinn Memorial Nursing Home; NHC Healthcare.

Polk County: Life Care Center of Copper Basin

Meigs County: Brookewood Nursing Center

Monroe County: East Tennessee Health Care Center; Sweetwater Nursing Center; Wood Presbyterian Home.

Bradley County: Bradley Healthcare & Rehabilitation Center; Life Care Center of Cleveland; Signature Healthcare of Cleveland.

C(III).2. DESCRIBE THE POSITIVE AND/OR NEGATIVE EFFECTS OF THE PROPOSAL ON THE HEALTH CARE SYSTEM. PLEASE BE SURE TO DISCUSS ANY INSTANCES OF DUPLICATION OR COMPETITION ARISING FROM YOUR PROPOSAL, INCLUDING A DESCRIPTION OF THE EFFECT THE PROPOSAL WILL HAVE ON THE UTILIZATION RATES OF EXISTING PROVIDERS IN THE SERVICE AREA OF THE PROJECT.

The applicant does not foresee the project's having a significant impact on Skyridge Medical Center Westside, the primary service area's only other provider of adult psychiatric services. Skyridge Westside is located at the south end of the service area, far from several of SRMC--Etowah's service area counties. It has empty bed capacity, but its program focuses strongly on serving adults age 18-64, not adults age 65+. In CY2012, only 5.5% of Skyridge's total psychiatric admissions were adults age 65+. (See Table Eight in Section B.II.C. of the application.)

Skyridge Westside's CY2012 Joint Annual Report, on pages 25 and 32, shows that all 968 of the hospital's total admissions were to its psychiatric unit. Therefore, the hospital's JAR patient origin data pertains only to its psychiatric unit. That patient origin data shows that Skyridge received 712, or 73.6%, of its admissions from the five service area counties of this Etowah project (Bradley, McMinn, Polk, Meigs, Monroe). However, Skyridge admitted only 34 patients age 65+ from *all 31* of its service area counties. So even if all 34 of those elderly patients came from just the five counties of SRMC--Etowah's primary service area, that would represent only 3.5% of Skyridge's total psychiatric admissions. And most likely it was fewer than that.

So with so few of Skyridge's adult psychiatric admissions originating from SRMC's geropsychiatric service area, it is difficult to see how the proposed 4-bed addition to SRMC--Etowah could have any significant adverse impact on Skyridge Westside in Cleveland.

C(III).3. PROVIDE THE CURRENT AND/OR ANTICIPATED STAFFING PATTERN FOR ALL EMPLOYEES PROVIDING PATIENT CARE FOR THE PROJECT. THIS CAN BE REPORTED USING FTE'S FOR THESE POSITIONS. IN ADDITION, PLEASE COMPARE THE CLINICAL STAFF SALARIES IN THE PROPOSAL TO PREVAILING WAGE PATTERNS IN THE SERVICE AREA AS PUBLISHED BY THE TENNESSEE DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT AND/OR OTHER DOCUMENTED SOURCES.

Please see the following page for a chart of projected FTE's and salary ranges.

The Department of Labor and Workforce Development website provides the following annual salary information, for clinical employees of the type needed to implement this project, for the McMinn County area (BOS Area 47004).

Table Tv	venty-Two: TDO	L Surveyed Avera	age Salaries for th	e Region
Position	Entry Level	Mean	Median	Experienced
RN	\$39,600	\$52,510	\$49,730	\$58,970

Table Twenty	Geropsy	Regional Medical /chiatric Unit Projected Staffin		
Position Type (RN, etc.)	Current FTE's	Year One FTE's	Year Two FTE's	Salary Range (Hourly)
		4	4	\$17.50 to \$30.88
Staff RN Full time	3	4	4	\$17.50 to \$30.88
Staff RN Part time	1	2		\$11.40 to \$20.00
Staff LPN Full Time	4	4	4	
Staff CNA/MHT	3	4	4	\$7.50 to \$13.50
PRN RN working Full Time Hours	1	0	0	\$17.50 to \$30.88
PRN CNA/MHT working Full Time	1	0	0	\$10.00 to \$12.00
SW	1	1	1	\$20.00 to \$33.50
Activities Therapist	1	1	1	\$11.00 to \$20.00
Program Director RN	1	1	1	Contracted
Nurse Manager	1	1	1	Contracted
Physician Director				Contracted
Total FTE's	17	18	18	

Source: Hospital Management

<sup>\*</sup> There will be a need to keep minimal number of PRN staff to cover when needed.

C(III).4. DISCUSS THE AVAILABILITY OF AND ACCESSIBILITY TO HUMAN RESOURCES REQUIRED BY THE PROPOSAL, INCLUDING ADEQUATE PROFESSIONAL STAFF, AS PER THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, AND/OR THE DIVISION OF MENTAL RETARDATION SERVICES LICENSING REQUIREMENTS.

Only one net new RN FTE will be required. The unit is already operating with a high level of clinical staff.

C(III).5. VERIFY THAT THE APPLICANT HAS REVIEWED AND UNDERSTANDS THE LICENSING CERTIFICATION AS REQUIRED BY THE STATE OF TENNESSEE FOR MEDICAL/CLINICAL STAFF. THESE INCLUDE, WITHOUT LIMITATION, REGULATIONS CONCERNING PHYSICIAN SUPERVISION, CREDENTIALING, ADMISSIONS PRIVILEGES, QUALITY ASSURANCE POLICIES AND PROGRAMS, UTILIZATION REVIEW PPOLICIES AND PROGRAMS, RECORD KEEPING, AND STAFF EDUCATION.

The applicant so verifies.

C(III).6. DISCUSS YOUR HEALTH CARE INSTITUTION'S PARTICIPATION IN THE TRAINING OF STUDENTS IN THE AREAS OF MEDICINE, NURSING, SOCIAL WORK, ETC. (I.E., INTERNSHIPS, RESIDENCIES, ETC.).

Starr Regional Medical Center is a clinical rotation site for numerous students in the health professions. The college/universities/training centers with which Starr Regional has student affiliation agreements include:

- Belmont University
- · Bethel College
- Chattanooga State Community College
- Cleveland State Community College
- East Tennessee State University
- Knoxville Business College
- Lincoln Memorial University
- Miller-Motte Technical Institute
- Roane State Community College
- South College
- Southern Adventist College
- Tennessee Technology Center of Athens
- Tennessee Technical University
- Trevecca Nazarene University
- Tri-County Community College
- University of North Dakota
- University of Tennessee at Chattanooga
- University of Tennessee at Knoxville
- Virginia College of Business and Health

In FY-2013, Starr Regional Medical Center served as a training rotation site for 190 students from these schools, in the following disciplines and programs: Nursing (82); Doctor of Osteopathic Medicine (13); Pharmacy (9); Physical Therapy (4); Occupational Therapy (2); Surgery (5); and Emergency Medical Technician (75).

C(III).7(a). PLEASE VERIFY, AS APPLICABLE, THAT THE APPLICANT HAS REVIEWED AND UNDERSTANDS THE LICENSURE REQUIREMENTS OF THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, THE DIVISION OF MENTAL RETARDATION SERVICES, AND/OR ANY APPLICABLE MEDICARE REQUIREMENTS.

The applicant so verifies.

C(III).7(b). PROVIDE THE NAME OF THE ENTITY FROM WHICH THE APPLICANT HAS RECEIVED OR WILL RECEIVE LICENSURE, CERTIFICATION, AND/OR ACCREDITATION

LICENSURE:

Board for Licensure of Healthcare Facilities

Tennessee Department of Health

**CERTIFICATION:** 

Medicare Certification from CMS

TennCare Certification from TDH

ACCREDITATION: Joint Commission

C(III).7(c). IF AN EXISTING INSTITUTION, PLEASE DESCRIBE THE CURRENT STANDING WITH ANY LICENSING, CERTIFYING, OR ACCREDITING AGENCY OR AGENCY.

The applicant is currently licensed in good standing by the Board for Licensing Health Care Facilities, certified for participation in Medicare and Medicaid/TennCare, and fully accredited by the Joint Commission.

C(III).7(d). FOR EXISTING LICENSED PROVIDERS, DOCUMENT THAT ALL DEFICIENCIES (IF ANY) CITED IN THE LAST LICENSURE CERTIFICATION AND INSPECTION HAVE BEEN ADDRESSED THROUGH AN APPROVED PLAN OF CORRECTION. PLEASE INCLUDE A COPY OF THE MOST RECENT LICENSURE/CERTIFICATION INSPECTION WITH AN APPROVED PLAN OF CORRECTION.

They have been addressed. A copy of the most recent licensure inspection and plan of correction, and/or the most recent accreditation inspection, are provided in Attachment C, Orderly Development--7(C).

C(III)8. DOCUMENT AND EXPLAIN ANY FINAL ORDERS OR JUDGMENTS ENTERED IN ANY STATE OR COUNTRY BY A LICENSING AGENCY OR COURT AGAINST PROFESSIONAL LICENSES HELD BY THE APPLICANT OR ANY ENTITIES OR PERSONS WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE APPLICANT. SUCH INFORMATION IS TO BE PROVIDED FOR LICENSES REGARDLESS OF WHETHER SUCH LICENSE IS CURRENTLY HELD.

None.

C(III)9. IDENTIFY AND EXPLAIN ANY FINAL CIVIL OR CRIMINAL JUDGMENTS FOR FRAUD OR THEFT AGAINST ANY PERSON OR ENTITY WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE PROJECT.

None.

C(III)10. IF THE PROPOSAL IS APPROVED, PLEASE DISCUSS WHETHER THE APPLICANT WILL PROVIDE THE THSDA AND/OR THE REVIEWING AGENCY INFORMATION CONCERNING THE NUMBER OF PATIENTS TREATED, THE NUMBER AND TYPE OF PROCEDURES PERFORMED, AND OTHER DATA AS REQUIRED.

Yes. The applicant will provide the requested data consistent with Federal HIPAA requirements.

### PROOF OF PUBLICATION

Attached.

### DEVELOPMENT SCHEDULE

1. PLEASE COMPLETE THE PROJECT COMPLETION FORECAST CHART ON THE NEXT PAGE. IF THE PROJECT WILL BE COMPLETED IN MULTIPLE PHASES, PLEASE IDENTIFY THE ANTICIPATED COMPLETION DATE FOR EACH PHASE.

The Project Completion Forecast Chart is provided after this page.

2. IF THE RESPONSE TO THE PRECEDING QUESTION INDICATES THAT THE APPLICANT DOES NOT ANTICIPATE COMPLETING THE PROJECT WITHIN THE PERIOD OF VALIDITY AS DEFINED IN THE PRECEDING PARAGRAPH, PLEASE STATE BELOW ANY REQUEST FOR AN EXTENDED SCHEDULE AND DOCUMENT THE "GOOD CAUSE" FOR SUCH AN EXTENSION.

Not applicable. The applicant anticipates completing the project within the period of validity.

### PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision Date, as published in Rule 68-11-1609(c):

July 23, 2014

Assuming the CON decision becomes the final Agency action on that date, indicate the number of days from the above agency decision date to each phase of the forecast.

(This schedule assumes that in Phase 1, another double room and other renovation of the unit will be completed by CY2015, and that within the same year construction is tentatively scheduled to begin on Phase 2, adding two semi-private patient rooms by outward expansion on the end of the unit. An older double room will then be converted to support space for a net gain of four semi-private beds.)

PHASES ONE AND TWO	DAYS REQUIRED	Anticipated Date (MONTH /YEAR)
Architectural & engineering contract signed	7	8-14
Construction documents approved by TDH	67	10-14
Construction contract signed	97	10-14
Building permit secured	100	11-14
PHASE 1-Site preparation completed	NA	NA
6. PHASE 1-Building construction commenced	100	11-14
7. PHASE 1-Construction 40% complete	124	11-14
8. PHASE 1-Construction 80% complete	154	11-14
9. PHASE 1-Construction 100% complete	169	12-14
10. PHASE 1-Issuance of license for 12 beds	182	12-14
11. PHASE 1-Initiation of service with 12 beds	191	1-15
12. PHASE 2-Site Preparation completed	371	7-15
13. PHASE 2-Building construction commenced	385	7-15
14. PHASE 2-Construction 40% complete	415	8-15
15. PHASE 2-Construction 80% complete	445	9-15
16. PHASE 2-Construction 100% complete	460	10-15
17. PHASE 2-Issuance of license for 14 beds	475	10-15
18. PHASE 2-Initiation of service with 14 beds	489	11-15
19. Final architectural certification of payment	564	2-16
20. Final Project Report Form (HF0055)	624	4-16

<sup>\*</sup> For projects that do NOT involve construction or renovation: please complete items 10-11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

### **INDEX OF ATTACHMENTS**

A.4 Ownership--Legal Entity and Organization Chart (if applicable)

A.5 Management Contract

A.6 Site Control

B.III. Plot Plan

B.IV. Floor Plan

C, Need--1.A.3. Letters of Intent & Qualifications; Protocols

C, Need--3 Service Area Maps

C, Economic Feasibility--1 Documentation of Construction Cost Estimate

C, Economic Feasibility--2 Documentation of Availability of Funding

C, Economic Feasibility--10 Financial Statements

C, Orderly Development--7(C) Licensing & Accreditation Inspections

Miscellaneous Information

Support Letters

# A.4--Ownership Legal Entity and Organization Chart

# Board for Licensing Health Care Facilities



0000000083

No. of Beds 0190

# DEPARTMENT OF HEALTH

This is to certify, that a licenso is hoveby quanted by the Flate Department of Fleatth to

ATHENS REGIONAL MEDICAL CENTER, LLC

to conduct and maintain a

Hospital	STA	STARR REGIONAL MEDICAL CENTER	
Localed at	1114 WEST MADISON AVENUE, ATHENS	THENS	
County of	MCMINN	, Tomassee.	
	This Grows shall some	JUNE 12	2014 and is subject

laws of the State of Termessee or the rules and requisitions of the State Department of Fealth issued thereunder. to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable, and shall be subject to resocation at any time by the State Department of Health, for failure to comply with the In Miness Meseof, we have hereunte set our hand and seal of the State this 12TH day of JUNE In the Putine Galagory (us) of: Pediatric Primary Hospital Trauma Genter Level 3



# Board for Aicensing Health Care Facilities

State of American Tennessee

00000000082

No. of Beds\_\_\_\_

# DEPARTMENT OF HEALTH

othis is to certify, that a license is hereby granted by the State Department of Health to

ATHENS REGIONAL MEDICAL CENTER, LLC

to conduct and maintain a

Hospital Docated at County of	STARR REGIONAL MEDICAL CENTER ETOWAH  MCMINN , Gennessee.	
	in home of the second	2014 and in sulp
	Sandly errouse	man an anim

laws of the State of Tennessee or the rules and regulations of the State Department of Fleatth issued thereunder. and shall be subject to revocation at any time by the State Department of Fealth, for failure to comply with the In Witness Mercel, we have hereunto set our hand and seal of the State this 6TH day of JULY In the Distinct Category/ies/ of: PEDIATRIC BASIC HOSPITAL

to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable,



DIRECTOR. DIVISION OF HEALTH CARE FACILITIES

The Control of the Co

### Doctors' Hospital of McMinn County

Etowah, TN

has been Accredited by



### The Joint Commission

Which has surveyed this organization and found it to meet the requirements for the

### Hospital Accreditation Program

January 12, 2012

Accreditation is customarily valid for up to 36 months.

Isabel V. Hoverman, MD, MACP

Chair, Board of Commissioners

Organization ID #: 3942

Print/Reprint Date: 03/27/12

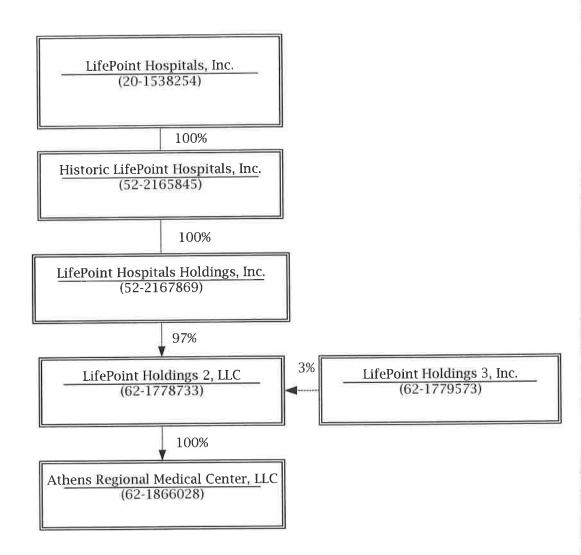
The Joint Commission is an independent, not-for-profit, national body that oversees the safety and quality of health care and other services provided in accredited organizations. Information about accredited organizations may be provided directly to The Joint Commission at 1-800-994-6610. Information regarding accreditation and the accreditation performance of individual organizations can be obtained through The Joint Commission's web site at www.jointcommission.org.





This reproduction of the original accreditation certificate has been Issued for use in regulatory/payer agency verification of accreditation by The Joint Commission. Please consult Quality Check on The Joint Commission's website to confirm the organization's current accreditation status and for a listing of the organization's locations of care.

### Athens Regional Medical Center, LLC Ownership Structure



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Business Services Online > Find and Update a Business Record

### **Business Information Search**

As of March 12, 2014 we have processed all corporate filings received in our office through March 10, 2014 and all annual reports received in our office through March 10, 2014.

Click on the underlined control number of the entity in the search results list to proceed to the detail page. From the detail page you can verify the entity displayed is correct (review addresses and business details) and select from the available entity actions - file an annual report, obtain a certificate of existence, file an amendment, etc.

		Name: Athens Regional Medical Center		<b>⊕Starts With </b> ○Cor	ntains	
Activ		s Only: 🗍				Search
Control #	Entity Type	Name	Name Type	Name Status	Entity Filing Date	Entity Status
000001869	CORP	ATHENS REGIONAL MEDICAL CENTER TENNESSEE	Assumed	Inactive - Name Cancelled	10/10/1973	Active
000001869	CORP	ATHENS REGIONAL MEDICAL CENTER  TENNESSEE	Assumed	Inactive - Name Cancelled	10/10/1973	Active
000414689	LLC	ATHENS REGIONAL MEDICAL CENTER, LLC DELAWARE	Entity	Active	09/26/2001	Active

Information about individual business entities can be queried, viewed and printed using this search tool for free.

If you want to get an electronic file of all business entities in the database, the full database can be downloaded for a fee by <u>Clicking Here</u>.

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	Search Na	ime: Lifepoint Hospitals, Inc.		<b>⊕</b> Starts With ○C	ontains	
	Contro	ol #:				
Acti	ve Entities C	Only: 🗆				Search
ontrol #	Entity Type	Name	Name Type	Name Status	<b>Entity Filing Date</b>	Entity State
00491505	CORP	LIFEPOINT HOSPITALS, INC. DELAWARE	Entity	Active	04/12/2005	Active
00405372	CORP	LIFEPOINT HOSPITALS, INC.	Entity	Inactive - Name Changed	03/22/2001	Active

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### LIFEPOINT HOSPITALS, INC. ACUTE CARE HOSPITALS IN TENNESSEE

Crockett Hospital 1607 South Locust Avenue Lawrenceburg, TN 38464

Emerald Hodgson Hospital 1260 University Avenue Sewanee, TN 37375

Hillside Hospital 1265 East College Street Pulaski, TN 38478

Livingston Regional Hospital 315 Oak Street Livingston, TN 38570

Riverview Regional Medical Center 158 Hospital Drive Carthage, TN 37030

Southern Tennessee Medical Center 185 Hospital Road Winchester, TN 37398

Starr Regional Medical Center--Etowah 1114 West Madison Avenue Athens, TN 37303

Starr Regional Medical Center--Etowah 886 Highway 411 North Etowah, TN 37331

Sumner Regional Medical Center 555 Hartsville Pike Gallatin, TN 37066

Trousdale Medical Center 500 Church Street Hartsville, TN 37074 A.5--Management Contract



### FOURTH AMENDMENT TO AGREEMENT BETWEEN HORIZON MENTAL HEALTH MANAGEMENT, LLC. d/b/a HORIZON HEALTH BEHAVIORAL HEALTH SERVICES AND WOODS MEMORIAL HOSPITAL, LLC d/b/a WOODS MEMORIAL HOSPITAL

This Fourth Amendment ("Amendment") effective July 1, 2013 ("Effective Date") by and between Horizon Mental Health Management, LLC. d/b/a Horizon Health Behavioral Health Services, ("Horizon") and Woods Memorial Hospital, LLC d/b/a Woods Memorial Hospital ("Hospital").

### Background

- A. Horizon and Hospital entered into a Services Agreement, dated June 30, 2004 ("Agreement") pursuant to which Horizon agreed to provide certain management services for Hospital.
- B. Horizon and Hospital entered into a First Amendment to Agreement, dated January 5, 2006 ("First Amendment"), a Second Amendment to Agreement, dated January 1, 2010 ("Second Amendment"), and a Third Amendment to Agreement, dated November 1, 2011 ("Third Amendment"). The Agreement, First Amendment, Second Amendment, and Third Amendment shall be collectively referred to herein as the "Agreement."
  - C. Horizon and Hospital desire to amend certain provisions of the Agreement.

**NOW THEREFORE**, in consideration of the premises and of the mutual covenants and agreements hereafter set forth, each intending to be legally bound, the parties agree as follows:

### Agreement

- 1. The Background provisions set forth above (including, but not limited to, all defined terms set forth therein) are true and correct and are hereby incorporated by reference into this Amendment and made a part hereof as if set forth in their entirety.
- 2. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Agreement.
  - 3. As of the Effective Date, HBIPS/ IPFQR Reporting is hereby added as follows:

    (i) "Hospital has selected Horizon, through Horizon's affiliate subcontractor, Mental Health Outcomes, Inc ("MHO"), to provide The Joint Commission with Hospital Based Inpatient Psychiatric Services (HBIPS) Core Measures data as required for accreditation utilizing MHO's CQl+ system. Except as set forth below, the parties agree that the cost of this service, including the Joint Commission's HBIPS fees, is included in the management fees paid by the Hospital and that Hospital shall not be separately invoiced for such costs.

1

Horizon agrees to provide calendar year quarterly submissions to Joint Commission for Hospital and re-submission in hardcopy form to the Joint Commission any data that is discovered post-submission by either party to be inaccurate. The parties agree that the cost of the Joint Commission's ORYX quarterly re-submission fee is included in the management fees paid by Hospital, and that Hospital shall not be separately invoiced for such costs. Hospital agrees to permit Horizon direct access to data, medical records or onsite visit for purposes of data validation and re-abstraction as deemed necessary by the Joint Commission. Upon termination of this Agreement, the Hospital may provide written request that Horizon complete the Joint Commission HBIPS submission for data collected in the prior 6 months. Upon such request, Hospital shall be required to pay for two (2) quarters of the Joint Commission's pass-through HBIPS submission fees. Such fees shall be included in Hospital's final invoice. This section shall survive the termination of this Agreement for any reason.

- (ii) Hospital has selected Horizon, through Horizon's affiliate subcontractor, Mental Health Outcomes, Inc ("MHO"), to provide CMS with data as required for Inpatient Psychiatric Hospital Quality Reporting (IPFQR) utilizing MHO's CQI+ system. Horizon agrees to provide annual submissions to CMS for Hospital as scheduled by CMS. Hospital agrees to permit Horizon direct access to data, medical records or onsite visit for purposes of data validation and re-abstraction as deemed necessary by CMS. Upon termination of this Agreement, Horizon will provide the Hospital with aggregated IPFQR results for any quarters for which data collection has been completed at time of termination to allow the Hospital to complete data submission to CMS independently. This section shall survive the termination of this Agreement for any reason."
- 4. As of the Effective Date, Clinical Outcomes Measurement Fee, paragraph (c) is hereby added as follows:
  - " (c) Clinical Outcomes Measurement Fee The CQl+ training and completion for the CQl+ geropsychiatric module (the "CQl+ Fee") is included in the management fees currently paid to Horizon by Hospital. Accordingly, Horizon shall not separately invoice the Hospital for such amounts."
- 5. As of the Effective Date, HBIPS/ IPFQR Reporting Fee, paragraph (d) is hereby added as follows:
  - "(d) The parties acknowledge the HBIPS/ IPFQR Reporting is included in the management fees currently paid to Horizon by Hospital. Accordingly, Horizon shall not separately invoice the Hospital for such amounts."
- 6. Either party may terminate the HBIPS/ IPFQR Reporting upon ninety (90) days prior written notice to the other party.

- 7. The Agreement, as amended hereby, is ratified and confirmed and shall remain in full force and effect. Notwithstanding the foregoing, to the extent of any inconsistencies between the Agreement and this Amendment, this Amendment shall control.
- 8. This Amendment may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one in the same agreement. Furthermore, this Amendment may be executed by facsimile or scanned signature of any party hereto, it being agreed that the facsimile or scanned signature of any party hereto shall be deemed an original for all purposes.

IN WITNESS WHEREOF, the parties hereby execute this Amendment as of the date and year as set forth below.

WOODS MEMORIAL HOSPITAL, L	LC d/b/a	<b>WOODS</b>	<b>MEMORIAL</b>	HOSPITAL
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By: Your Water

John Workman

Chief Executive Officer

Date

HORIZON MENTAL HEALTH MANAGEMENT, LLC. d/b/a HORIZON HEALTH

BEHAVIORAL HEALTH SERVICES

By COL

lack De Vane

## THIRD AMENDMENT TO AGREEMENT BETWEEN HORIZON MENTAL HEALTH MANAGEMENT, LLC. d/b/a HORIZON HEALTH BEHAVIORAL HEALTH SERVICES AND WOODS MEMORIAL HOSPITAL

This Third Amendment (the "Amendment") effective November 1, 2011 ("Effective Date") by and between Horizon Mental Health Management, LLC. d/b/a Horizon Health Behavioral Health Services, a Texas corporation, ("Horizon") and Woods Memorial Hospital ("Hospital").

### Background

- A. Horizon and Hospital entered into a Services Agreement, dated June 30, 2004 ("Agreement") pursuant to which Horizon agreed to provide certain management services of a psychiatric unit (the "Unit") at Hospital.
- B. Horizon and Hospital entered into a First Amendment to Agreement, dated January 5, 2006 ("First Amendment"), a Second Amendment to Agreement, dated January 1, 2010 ("Second Amendment"). The Agreement, First Amendment and Second Amendment shall be collectively referred to herein as the "Agreement."
  - C. Horizon and Hospital desire to amend certain provisions of the Agreement.

**NOW THEREFORE**, in consideration of the premises and of the mutual covenants and agreements hereafter set forth, each intending to be legally bound, the parties agree as follows:

### Agreement

- 1. The Background provisions set forth above (including, but not limited to, all defined terms set forth therein) are true and correct and are hereby incorporated by reference into this Amendment and made a part hereof as if set forth in their entirety.
- 2. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Agreement.
- 3. As of the Effective Date, Section IV, <u>Covenants of Horizon</u>, paragraph (c) is hereby amended and restated in its entirety as follows:

"Provide the Program staff as needed for the Program, including but not limited to, providing the following services – Program direction, medico-administrative direction, community education, and implementation of comprehensive treatment programs. The Program staff shall be responsible for supervising, as appropriate, the operations of the Program. The Horizon Program staff to be compensated by Horizon shall consist of the following personnel:

### INPATIENT PROGRAM

Program Staff
Program Director/ Community Education Manager
Nurse Manager
Medical Director

Program Staff
Program Staff
1.0
1.0
Part-time Independent Contractor

- 4. As of the Effective Date, the Business Associate Agreement between the parties is amended and restated in its entirety as set forth on Exhibit 1 to this Amendment.
- 5. The Agreement, as amended hereby, is ratified and confirmed and shall remain in full force and effect. Notwithstanding the foregoing, to the extent of any inconsistencies between the Agreement and this Amendment, this Amendment shall control.
- 6. This Amendment may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one in the same agreement. Furthermore, this Amendment may be executed by facsimile or scanned signature of any party hereto, it being agreed that the facsimile or scanned signature of any party hereto shall be deemed an original for all purposes.

IN WITNESS WHEREOF, the parties hereby execute this Amendment as of the date and year as set forth below.

WOODS MEMORIAL HOSPITAL

mu thun Clam	11/9/11
Steve Clapp	Date
Chief Executive Officer	

HORIZON MENTAL HEALTH MANAGEMENT, LLC. d/b/a HORIZON HEALTH BEHAVIORAL HEALTH\_SERVICES

# SECOND AMENDMENT TO AGREEMENT BETWEEN HORIZON MENTAL HEALTH MANAGEMENT, LLC. d/b/a HORIZON HEALTH BEHAVIORAL HEALTH SERVICES AND WOODS MEMORIAL HOSPITAL

This Second Amendment (the "Amendment") effective January 1, 2010 is made to an agreement (the "Agreement") dated June 30, 2004 by and between Horizon Mental Health Management, LLC d/b/a Horizon Health Behavioral Health Services, a Texas corporation, ("Horizon") and Woods Memorial Hospital ("Hospital").

WHEREAS, Horizon and Hospital entered into the Agreement pursuant to which Horizon agreed to provide certain management services of a psychiatric unit (the "Unit") at Hospital; and

WHEREAS, Horizon and Hospital desire to amend certain provisions of the Agreement; and

WHEREAS, it is understood that all capitalized terms as used herein which are defined in the Agreement shall have the meanings set forth in the Agreement.

**NOW THEREFORE**, in consideration of the premises and of the mutual covenants and agreements hereafter set forth, the parties agree as follows:

1. Article II, Term is deleted in its entirety and replaced with:

### II. Term

This Agreement commenced on June 28, 2005 (the "Commencement Date") and shall have a term ending June 27, 2014. It is understood and agreed to by the parties that the Horizon Program fees, as defined in Section VI (a) herein shall be paid during the term ending June 27, 2014.

- 2. Article IV, Covenants of Horizon, Paragraph (c) is deleted in its entirety and replaced with:
- (c) Provide the Program staff as needed for the Program, including but not limited to, providing the following services Program direction, medico-administrative direction, community education, and implementation of comprehensive treatment programs. The Program staff shall be responsible for supervising, as appropriate, the operations of the Program. The Horizon Program staff to be compensated by Horizon shall consist of the following personnel:

### INPATIENT PROGRAM

Program Staff	Full-Time Equivalent (FTE)
Program Director/Nurse Manager	1.0
Community Education Manager	1.0
Medical Director	Part-time Independent Contractor

- 3. <u>Article VI, Horizon Fees, Paragraph (a)</u> is deleted in its entirety and replaced with:
- (a) <u>Inpatient Rate</u> For the period beginning January 1, 2010 through the end of this Agreement, the Hospital shall pay to Horizon a monthly fee for its services equal to the rates described below per Inpatient program patient day as determined by Inpatient program census at midnight of each day during the Term (the "Inpatient Per Diem Fee").

Program Patient Average Daily Census ("ADC")	Inpatient Per Diem Fee
ADC of 0.0 to 5.4	\$200.00 per Program inpatient patient day
ADC of 5.5 to 7.0	\$250.00 per Program inpatient patient day
ADC greater than 7.0	\$275.00 per Program inpatient patient day

- 4. <u>Article VI, Horizon Fees, Paragraph (c)</u> is deleted in its entirety and replaced with:
- "Service Rates". The Service Rates shall be adjusted on the start of the second (2<sup>nd</sup>) year following the execution date of this Agreement, and annually thereafter, based on the most recent Medicare Update Adjustment Percentage as determined by the US Congress (the "MUAP"). The MUAP for the month preceding the calendar month in which respective anniversary date occurs shall be compared to the MUAP for the same month of the prior year. The Service Rates in effect upon the anniversary date shall be increased in the same proportion that the MUAP has increased between the respective months of comparison. In no event, however, shall the Service Rates be adjusted to a rate lower than the Service Rates in effect on the date the adjustment is due. If the MUAP necessary to determine the annual adjustment of the Service Rates is not available, Hospital shall continue to pay to Horizon at the Service Rates then in effect with appropriate additional payments to be made if an adjustment is required after the respective MUAP becomes available.

### 5. Article VI, Horizon Fees, Paragraph (h) is hereby added:

- (h) In the event that any Program inpatient case receives final denial from the Medicare fiscal intermediary (after all appeal procedures have been concluded by Hospital), then Horizon shall reimburse the Hospital for the denied Inpatient Program Case Fee at a rate equal to that which the hospital paid to Horizon as a Inpatient Per Diem Fee. Hospital must notify Horizon of final denial within sixty (60) days of notice of denial for reimbursement purposes. Such payment shall be made by Horizon to Hospital within sixty (60) days of Horizon's receipt of the final denial notice from the Hospital. Notwithstanding the above, however, Horizon shall not be responsible for reimbursing the Hospital any monies under this subsection in the event the Hospital incorrectly bills for Program services.
- **6.** The Agreement, as amended hereby, is ratified and confirmed and shall remain in full force and effect.

**IN WITNESS WHEREOF**, the parties hereby execute this Second Amendment as of the date and year first written above.

HORIZON MENTAL HEALTH MANAGEMENT, LLC. D/B/A HORIZON HEALTH BEHAVIORAL HEALTH SERVICES

By: Comacy J. Laws	2/13/10
Timothy J. Palus	Date
its Senior Vice President	
By: Abbell Soul	2/17/10
Mjehael A. Saul	Date
its President, Contract Management Service	es
WOODS MEMORIAL HOSPITAL	2
By: Robert Globaler	2/8/2010
Robert Polahar	· / Date

its Chief Executive Officer

# FIRST AMENDMENT TO AGREEMENT BETWEEN HORIZON MENTAL HEALTH MANAGEMENT, INC. d/b/a HORIZON HEALTH BEHAVIORAL HEALTH SERVICES AND WOODS MEMORIAL HOSPITAL

This First Amendment (the "Amendment") effective January 5, 2006 is made to an agreement (the "Agreement") dated June 30, 2004 by and between Horizon Mental Health Management, Inc. d/b/a Horizon Health Behavioral Health Services, a Texas corporation, ("Horizon") and Woods Memorial Hospital ("Hospital").

**WHEREAS**, Horizon and Hospital entered into the Agreement pursuant to which Horizon agreed to provide certain management services of a psychiatric unit (the "Unit") at Hospital; and

WHEREAS, Horizon and Hospital desire to amend certain provisions of the Agreement; and

WHEREAS, it is understood that all capitalized terms as used herein which are defined in the Agreement shall have the meanings set forth in the Agreement.

**NOW THEREFORE,** in consideration of the premises and of the mutual covenants and agreements hereafter set forth, the parties agree as follows:

1. Section II. Term is deleted in its entirety and the following is substituted therefore:

Section II. Term. The Agreement shall have a term ending June 27, 2012. It is understood and agreed to by the parties that the Horizon Program Fees, as defined in Section VI. (a) herein shall be paid during the term ending June 27, 2012. This Agreement shall renew automatically for subsequent one (1) year terms until written notice of termination is given by either party to the other on or before ninety (90) days prior to the end of any term.

- 2. Section IV. Covenants of Horizon shall have a paragraph (m) (i)(ii) and (iii) added as follows:
  - (m) Hospital has determined that in order to best serve the community, the Program 10-bed unit should be updated and renovated. Hospital has approached Horizon with a request to participate in the capital cost required to make these physical plant improvements. With respect to Hospital's request, Horizon agrees as follows:
    - (i) Horizon shall provide a \$75,000 capital loan at an interest rate of 6.75% to be repaid during the remainder of the contract period with the

first payment due February 13, 2006 and continuing on the same day of each month thereafter until said sum has been paid in full, according to terms specified in the Promissory Note between Horizon and Hospital.

- (ii) Horizon shall credit the Hospital the interest paid each month in association with the Promissory Note if the payment made to Horizon was made in accordance with the terms of the Promissory Note. The interest credit will be applied to Hospital under Section VI. (a).
- (iii) In the event Hospital or Horizon terminates the Services Agreement prior to the term June 27, 2012, Horizon shall be paid on or before the date of termination any and all amounts credited to Hospital under Section IV. (m) (ii).
- 3. The Agreement, as amended hereby, is ratified and confirmed and shall remain in full force and effect.

**IN WITNESS WHEREOF**, the parties hereby execute this First Amendment as of the date and year first written above.

HORIZON MENTAL HEALTH MANAG HORIZON HEALTH BEHAVIORAL HE	EMENT, INC. D/B/A ALTH SERVICES
Ву:	1-11-06
Clay Deardorff its Regional VP, Operations	Date
WOODS MEMORIAL HOSPITAL	
By: Savid Monthley	1-6-06
NAUID M. SOUTHERLAND	Date
its ADMINISTRATOR ICEO	

This Amendment shall not be effective or legally binding until it has been reviewed and approved by Horizon's Senior Vice President.

HORIZON MENTAL HEALTH MANAGEMENT, INC. d/b/a HORIZON HEALTH BEHAVIORAL HEALTH SERVICES

By Mike Saul Date

its Senior Vice President

### SERVICES AGREEMENT

THIS AGREEMENT is made the 30 day of June, 2004, by and between Horizon Mental Health Management, Inc., a Texas corporation, ("Horizon"), and Woods Memorial Hospital, ("Hospital").

WHEREAS, Horizon is in the business of developing systems, procedures and programs necessary for the operation of geropsychiatric programs by general hospitals; and

WHEREAS, Hospital is a general hospital located in Etowah, Tennessee and desires to operate a 10-bed geropsychiatric inpatient program in order to fully utilize its facilities and provide additional services to the community it serves;

NOW, THEREFORE, in consideration of the premises and the mutual terms and conditions hereof, the parties hereby agree as follows:

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### **Agreement**

Pursuant and subject to the terms and conditions hereinafter set forth, Hospital hereby retains the services of Horizon to assist in the operation of a geropsychiatric inpatient program by the Hospital and Horizon agrees to provide the services necessary to assist in the provision of such psychiatric services by the Hospital for the consideration specified herein (the "Program"). During the term of this Agreement, Hospital agrees that it shall not enter into any agreement with any other person or entity which provides the same or substantially similar services to be provided to the Hospital by such other person or entity as the services provided by Horizon hereunder.

11.

### <u>Term</u>

This Agreement shall commence on the date the inpatient Program admits its first patient (the "Commencement Date") and have an initial term ending five (5) years following the Commencement Date. Horizon shall provide written notice informing Hospital of the Commencement Date. It is understood and agreed to by the parties that the Horizon Program Fees, as defined in Section VI (a) herein, shall commence on the Commencement Date. This Agreement shall renew automatically for subsequent one (1) year terms until written notice of termination is given by either party to the other on or before ninety (90) days prior to the end of any term.

### **Covenants of Hospital**

Hospital covenants and agrees that, at its expense, it shall:

- (a) Make all modifications and alterations to its facilities necessary for the operation of the Program in compliance with all applicable state and federal licensing, certification and code requirements.
- (b) Furnish all ancillary Hospital facilities, support services, and patient services required to accommodate and satisfy the medical and therapeutic needs of the Program patients.
- (c) Provide nursing, secretarial, clerical, social worker(s), and other required support staff necessary to operate the Program, including but not limited to, nurses, psychiatric technicians, activity/occupational therapists, unit clerks, and program secretary.
- (d) Permit the nursing, therapy, secretarial, clerical and other support staff for the Program to receive on-site training by Horizon in the Program procedures to be followed in the Program.
- (e) Remain currently licensed under applicable state law, certified as a hospital provider under Title XVIII (Medicare) of the Social Security Act and accredited by the Joint Commission on Accreditation of Healthcare Organizations ("JCAHO") as a hospital and maintain said certifications or accreditations, and all other licenses required by law, during the term of this Agreement. Evidence of such licenses, certificates and accreditations shall be submitted to Horizon upon reasonable request.
  - (f) Promptly notify Horizon in writing within five (5) business days of:
- (i) Any action against any of its licenses, its accreditation by JCAHO or any successor of the JCAHO;
  - (ii) Any changes in its ownership or business address;
- (iii) Any legal or governmental action initiated against Hospital which could materially affect this Agreement; and,
- (iv) Any other occurrence known to Hospital that could materially impair the ability of Hospital to carry out its duties and obligations of this Agreement.
- (g) Provide all Horizon and Hospital employees working in the Program all necessary pre-employment and periodic health screening examinations and

vaccinations as required or offered for other Hospital employees at no charge to Horizon.

- (h) Provide professional and public liability insurance coverage of at least One Million Dollars (\$1,000,000) per occurrence and Three Million Dollars (\$3,000,000) in the aggregate with respect to Hospital employees, students and volunteers in the Program. Additionally, Hospital agrees to provide workers compensation coverage for Hospital employees at levels in compliance with state statutes. Hospital shall furnish satisfactory certificates of such insurance upon request. Hospital agrees to provide Horizon with no less than thirty (30) days written notice of cancellation or any material change in coverage. In the event that Hospital's insurance coverage is on a claims made basis, and the Hospital cancels its insurance coverage, then the Hospital agrees to purchase "tail" coverage for an extended reporting period endorsement which includes prior acts coverage for the entire term and any extensions of the term of this Agreement.
- (i) Notify Horizon within fifteen (15) business days of any legal action claiming medical malpractice related to services provided to Program patients filed against it or its Physicians during the period this Agreement is or was in effect. On any and all situations of potential legal liability of any kind, whether or not related to medical malpractice, Horizon's representatives shall be allowed to examine and receive a photocopy of the relevant medical records, personnel files, credentialing files and related supporting documents, subject to satisfaction of all privacy requirements under applicable federal and state law.
- (j) Provide at Hospital's expense and with its prior approval the following items necessary for the Program: pager for Program Director; printing and production of invitations, announcements, brochures, fact sheets, flyers, patient handbooks; secretarial assistance for tasks such as typing, filing, receptionist, preparation of reports, etc.; yellow page purchases; telephone and facsimile services; food, refreshments, space and honorariums for seminars, tours and workshops; printed and video patient educational material; fifty percent (50%) of all mutually approved media buys and advertisement production costs; and one computer fully loaded to handle the hardware and software needs of Horizon-specific applications and programs. At a minimum the computer should include a Windows 98 or higher operating system, a 400 MHz or higher Pentium II processor, a 10GB or higher hard drive, a 56K modem, and related phone lines. A compatible laser or inkjet printer should also be included. In the event that the parties mutually agree that an additional computer is needed for the Program, then the Hospital shall provide an additional computer equipped to handle the needs of Horizon-specific applications and programs.
- (k) Maintain a hospital-wide quality improvement system that meets the standards of both JCAHO and CMS Section 482.21-Conditions of Participation for Hospitals: Quality Assurance.

- (I) Provide to Horizon Program Staff mandated Office of Inspector General/Corporate Integrity Agreement ("OIG/CIA"), training within thirty (30) days of the Commencement Date of this Agreement.
- (m) Hospital agrees that licensed privileged psychiatrists who are members of the Hospital's medical staff may admit and practice in the Program, and that Hospital will maintain and implement a medical staff review procedure to address attending physicians performance issues in accordance with Hospital medical staff bylaws.
- (n) The Hospital shall request that all physicians with admitting privileges to the Program sign an affidavit stating they have read and agree to abide by the Medicare and Hospital-specific clinical admitting criteria and that they understand they have the sole responsibility for approving each admission and determining the time when each patient should be discharged.

IV.

### **Covenants of Horizon**

Horizon covenants and agrees that it shall:

- (a) Provide recommendations concerning modifications and alterations to the physical plant necessary to establish and commence the operation of the Program in the Hospital.
- (b) Determine, implement, and provide appropriate programs and services to carry out treatment plans for the patients of the Program, subject to the review and approval of such programs and services by Hospital. It is understood that daily patient care including diagnosis, development of the treatment plan, determining changes in the treatment plan and discharge planning is determined by the licensed physicians on the Hospital's medical staff practicing in the Program.
- (c) Provide the Program staff as needed for the Program, including but not limited to, providing the following services Program direction, medico-administrative direction, community education, and implementation of comprehensive treatment programs. The Program staff shall be responsible for supervising, as appropriate, the operations of the Program. The Horizon Program staff shall be compensated by Horizon and shall be responsible to the Program Director. The Horizon Program staff shall consist of the following personnel:

### INPATIENT PROGRAM

Program Staff	Full-Time Equivalent (FTE)
Program Director	1.0
Community Education Manager	1.0

Nurse Manager Medical Director

### 1.0 Part-time Independent Contractor

- (d) Provide on-site training to the Hospital nursing, therapy, activity/occupational therapy, secretarial and clerical staff in the Program procedures and operation of the Program.
- (e) Assist and advise Hospital in the preparation of any and all information, data and materials required for an application for accreditation, certification, licensure and survey by voluntary, local, state and national organizations.
- (f) Provide professional and public liability insurance coverage of at least One Million Dollars (\$1,000,000) per occurrence and Three Million Dollars (\$3,000,000) in the aggregate with respect to Horizon employees in the Program. Horizon shall furnish satisfactory certificate of such insurance to Hospital upon request. Horizon agrees to provide Hospital with no less than thirty (30) days written notice of cancellation or any material change in coverage. Additionally, Horizon agrees to provide workers compensation coverage at levels in compliance with state statutes. In the event that Horizon's insurance coverage is on a claims made basis, and Horizon cancels its insurance coverage, then Horizon agrees to purchase "tail" coverage for an extended reporting period endorsement which includes prior acts coverage for the entire term and any extensions of the term of this Agreement.
- (g) Provide for approval by the Hospital customized copy for all Program fact sheets, brochures, announcements, flyers, and related written materials necessary to describe the elements of the Program to the public, subject to approval by Hospital.
- (h) Recommend nurse staffing patterns to be followed in the Program in conjunction with the Hospital administrator or designee.
- (i) Provide at Horizon's expense the following items necessary to operate the Program: fifty percent (50%) of all mutually approved media buys and advertisement production costs for community awareness and educational events; 100% of all training materials for Horizon-sponsored programs; travel expenses for Horizon on-site, regional and national personnel; and clinical program manuals.
- (j) Provide a customized information software system, (HorizonPlus<sup>SM</sup>) to be utilized for the individualized tracking of pertinent Program community relations information.
- (k) HIPAA Compliance. Horizon agrees to comply with the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. 1320d ("HIPAA") and with the federal privacy regulations contained in 45 C.F.R. Parts 160 and 164, the federal standards contained in 45 C.F.R. Parts 142, and the federal standards for electronic data contained in 45 C.F.R. Parts 160 and 162, all collectively referred to

herein as "HIPAA Requirements". Horizon agrees not to use or further disclose any Protected Health Information (as defined in 45 C.F.R. Section 164.501), or Individually Identifiable Health Information (as defined in 42 U.S.C. Section 1320d), other than permitted by HIPAA Requirements and the terms of this Agreement. Horizon will make its internal practices, books, and records relating to the use and disclosure of Protected Health Information available to the Secretary of Health and Human Services to the extent required for determining compliance with the Federal Privacy Requirements.

(I) Comply with Hospital's policies and procedures to complete the mandated OIG/CIA training requirements for all Horizon Program Staff. Such training shall be completed within thirty (30) days of the Commencement Date of this Agreement.

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### Operation of the Program

It is agreed and understood that:

- (a) Both Hospital and Horizon shall use their best efforts to cause the Program to become operational as soon as reasonably possible.
- (b) The Program is a service provided by the Hospital to its patients and ultimate control and supervision over the Program and its operations shall reside in the Hospital. The Program shall be subject to the same monitoring and oversight by the Hospital as is applicable to any other department of the Hospital.
- (c) The Horizon Program Director shall be responsible to the appropriate member of the Hospital administration staff and shall function in a departmental head capacity. The Horizon Program Director shall comply with all reporting requirements of the Hospital administration and shall be accountable to the Hospital administration in the same manner as any department of the Hospital.
- (d) The medical staff committees of the Hospital, such as performance improvement, utilization review and coordination and integration of services, shall be responsible for the medical services provided in the Program.
- (e) The Medical Director of the Program shall report to the Chief Medical Officer (or similar official) of the Hospital in the same manner as any other medical director of a department of the Hospital and shall be subject to the same type of supervision and accountability as any other department medical director.
- (f) Horizon shall conduct its activities in compliance with all rules, policies and regulations of Hospital, its medical staff, and all applicable governmental rules, regulations, statutes, ordinances, and in compliance with JCAHO standards.

- (g) Horizon shall consult with Hospital in the selection of its Program Director, medical director and all members of its staff for the Program, and Horizon shall not offer employment or continue to employ any Program individual rendering services to the Program to whom Hospital reasonably objects. Hospital shall provide Horizon written notice of any employee deficiencies and Horizon shall have thirty (30) days from date of such notice to correct the employee's job performance deficiencies. In the event that the Hospital still desires that the employee be removed from the Program after such thirty (30) day period, Horizon agrees to remove such employee within fifteen (15) days of notice to such effect in a manner consistent with Horizon's personnel policies and procedures.
- (h) Hospital shall consult with Horizon in the selection of its nursing, therapy, clerical, secretarial and applicable support staff for the Program, and Hospital shall not offer employment or continue to employ any Program individual rendering services to the Program to whom Horizon reasonably objects. Horizon shall provide Hospital written notice of any employee deficiencies and Hospital shall have thirty (30) days from date of such notice to correct the employee's job performance deficiencies. In the event that Horizon still desires that the employee be removed from the Program after such thirty (30) day period, Hospital agrees to remove such employee within fifteen (15) days of notice to such effect in a manner consistent with Hospital's personnel policies and procedures.
- (i) All Horizon personnel shall be responsible to the Horizon Program Director and shall comply with all non-compensatory policies, rules and regulations of Hospital.
- (j) All patient records are records of the Hospital and shall be maintained in accordance with the procedures of the Hospital applicable to patient records.
- (k) Horizon shall not distribute any of the Hospital's public relations, advertising, and community relations materials and literature for the Program without the Hospital's approval.
- (I) The Horizon Program Director shall complete annual performance evaluations on all Horizon personnel.
- (m) The parties agree to share equally the cost (Horizon's share not to exceed \$15,000) of a consultant/attorney to prepare the Certificate of Need ("CON") application and perform other tasks related to the CON process. The selection of the consultant/attorney and the compensation paid to the consultant/attorney shall be mutually approved in advance by the parties.

### VI.

### Horizon Fees

The Hospital shall pay Horizon for its services the fees as described in subsection (a).

It is understood and agreed to by the parties that the Hospital shall be paid by Medicare for inpatient services for Medicare beneficiaries according to the applicable Medicare DRG rate per discharge for the period of time beginning with the Commencement Date and ending on the date the Program is certified as exempt from the Medicare Prospective Payment System (the "Start-up Date"). It is also understood and agreed to by the parties that none of the Horizon fees as described in subsection (a) below, are a Medicare reimbursed cost during the period beginning with the Commencement Date and ending with the Start-up Date, and that certain expenses may not be a reimbursable cost by Medicare.

- (a) Inpatient Rate For the period beginning with the Commencement Date through the end of this Agreement, the Hospital shall pay to Horizon a monthly fee for its services equal to \$2,575.00 per Program inpatient patient discharge (the "Inpatient Per Discharge Fee"). During the last month of this Agreement, the Inpatient Per Discharge Fee shall apply to any patient admitted to the Program regardless of whether the patient is discharged prior to the termination date of this Agreement. Refer to Section X (g) for any changes in Medicare reimbursement revenue methodology by fifteen percent (15%) or greater.
- (b) On the first working day of the month, a Hospital representative shall meet with a Horizon representative to sign and approve an Accounts Receivable Report for the prior month. This approved Accounts Receivable Report shall be the sole basis for establishing the volume and type of Horizon services to be invoiced for the preceding month. Any changes in the volume and type of Horizon services shall require an amended Accounts Receivable Report to be signed and approved by both parties. On or before the sixth (6th) working day of each calendar month, Horizon shall mail to Hospital an invoice for the fee payable to Horizon for the preceding calendar month. With the exception of the invoice for the first month of this Agreement, such invoices shall be due and payable by Hospital on or before the earlier of the last day of the calendar month following the calendar month to which the invoice relates or the last day of this Agreement. The invoice for the first month of this Agreement shall be due and payable by Hospital on or before the last day of the third (3rd) month of this Agreement. Hospital agrees to pay Horizon interest, at the rate of two (2) points over the prime rate of JP Morgan Chase Bank or the maximum interest rate under applicable law, on any and all Horizon fees unpaid after the due date, said interest to accrue from the date originally due.
- (c) The Inpatient Per Discharge Fee shall be hereinafter referred to as the "Service Rates". The Service Rates shall be adjusted on the start of the second (2<sup>nd</sup>)

year following the execution date of this Agreement, and annually thereafter, based on the most recent Medicare Update Adjustment Percentage as determined by the US Congress (the "MUAP"). The MUAP for the month preceding the calendar month in which respective anniversary date occurs shall be compared to the MUAP for the same month of the prior year. The Service Rates in effect upon the anniversary date shall be increased in the same proportion that the MUAP has increased between the respective months of comparison. In no event, however, shall the Service Rates be adjusted to a rate lower than the Service Rates in effect on the date the adjustment is due. If the MUAP necessary to determine the annual adjustment of the Service Rates is not available, Hospital shall continue to pay to Horizon at the Service Rates then in effect with appropriate additional payments to be made if an adjustment is required after the respective MUAP becomes available.

- (d) In the event that the Commencement Date has not occurred within twelve (12) months from the date of this Agreement, then the initial Service Rates shall nevertheless be adjusted in accordance with the provisions of Section VI (c) herein.
- (e) Program inpatient patient days shall be calculated by counting the admission day, but not the discharge day, as a patient day. One-day admissions shall count as a single patient day.
- (f) Horizon shall pay up to Seventy Thousand Dollars (\$70,000) annually for the stipend for the Program Medical Director. Any amounts above \$70,000 annually for the Medical Director stipend, and mutually approved by the parties, such mutual approval to not be unreasonably withheld, shall be paid by the Hospital.
- (g) Hospital and Horizon agree that no portion of the consideration payable to Horizon under this Agreement shall constitute a payment for either referring a patient to the Hospital or recommending to any person the purchase of services from the Hospital. Horizon shall have no obligation and responsibility of any kind under this Agreement to refer any individual to the Hospital or to recommend the services of the Hospital to any individual. Both Hospital and Horizon intend that this Agreement shall be applied and construed in a manner that does not create an arrangement that would violate the provisions of the Medicare anti-kickback statute, 42 U.S.C. § 1320a 7b.

VII.

### Patient Admissions and Billing

Hospital shall have the sole right to determine the eligibility for admission of all patients, including the policy and procedures for judging clinical admissions and including developing and administering financial criteria. Hospital or its duly authorized agent shall have the exclusive and sole right to invoice and collect all charges for Hospital services rendered to Program patients. All amounts collected by Hospital or its duly authorized agent pursuant to such invoices shall belong exclusively to Hospital and Horizon shall have no right or interest in the same. However, charges for professional

services rendered to Program patients by health professionals such as physicians, clinical nurse specialists, advanced registered nurse practitioners, etc., shall be invoiced and collected by the health professional or their employer, if so assigned by the health professional. The rates at which Hospital shall charge Program patients for the services of Program shall be established by Hospital after consultation with Horizon.

### VIII.

### Confidential Information

For the purposes of this Agreement, the term confidential information (the "Confidential Information") shall include the following: (i) all documents and other materials, including but not limited to, all memoranda, clinical manuals, handbooks, production books, educational material and audio or visual recordings, which contain information relating to the operation of the Program (excluding written materials distributed to patients in the operation of the Program or as promotion for the Program), (ii) all methods, techniques and procedures utilized in providing services to patients in the Program not readily available through sources in the public domain, (iii) all trademarks, tradenames, service marks, or protected software of Horizon and their related data files, and (iv) any and all documents, materials and other information regarding the Hospital, or any of its patients or personnel, that is not readily available in the public domain.

Each party hereto agrees and acknowledges that (i) the Confidential Information constitutes valuable business information developed by each party at great expenditure of time, effort and money, (ii) the Confidential Information may not be used for any purpose other than the performance of this Agreement without the express prior written consent of the party to whom it belongs or relates. Each party hereto further agrees to keep strictly confidential and hold in trust all Confidential Information and not disclose or reveal such information to any third party without the express prior written consent of the party to whom it belongs or relates.

Each party hereto acknowledges that the disclosure of Confidential Information to the other party is done in reliance upon the other party's representations and covenants in this Agreement. Upon termination of this Agreement by either party for any reason whatsoever, each party hereto shall forthwith return to the other party all material constituting or containing Confidential Information belonging or relating to such other party and each party hereto shall not thereafter use, appropriate, or reproduce such information or disclose such information to any third party.

In the event of a breach by either party of the provisions of this paragraph, the non-breaching party shall be entitled to an equitable remedy prohibiting the breaching party from disclosing in whole or in part any Confidential Information. Nothing herein shall be construed as prohibiting the breached party from pursuing other remedies available to it, including recovery of damages.

### Recruitment of Personnel

- (a) Hospital acknowledges that Horizon has expended and shall continue to expend substantial time, effort and money in recruiting and training its employees, independent contractors, and/or consultants necessary for providing its services for the Program. Such employees, independent contractors, and/or consultants shall have access to and possess Confidential Information of Horizon. In consideration thereof, Hospital and its affiliates, joint venture partners, independent contractors, or any other entities with whom the Hospital has an existing or planned business relationship for the purposes of providing the same or similar services as Horizon shall not:
- (i) Employ or solicit the employment of any Horizon Program employees, independent contractors, and/or consultants hired after the Commencement Date of this Agreement, during the term of this Agreement and for a period of two (2) years after termination of this Agreement for any reason whatsoever, unless Horizon gives its prior written consent thereto.
- (ii) Enter into a management or consulting agreement for services related to the operation of the Program with a company, partnership, or individual that employs or solicits the employment of any Horizon Program employees, independent contractors, and/or consultants during the term of this Agreement and for a period of one (1) year after termination of this Agreement for any reason whatsoever, unless Horizon gives its prior written consent thereto.
- (iii) Employ or solicit the employment of any individuals recruited by Horizon and proposed to the Hospital to be a Program employee, independent contractors, and/or consultants for a period of two (2) years after termination of this Agreement for any reason whatsoever, unless Horizon gives its prior written consent thereto.

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### **Termination**

This Agreement may be terminated upon the occurrence of any one of the following events:

(a) Either party may terminate this Agreement upon the failure of the other to cure any breach or default of any material term, condition or covenant of this Agreement (other than the payment of the Horizon fees which shall be governed by Section X (d) herein) within thirty (30) days after written notice by the terminating party to the other specifying with particularity the specific material term, condition or covenant which has not been performed or has been breached by the other party.

- (b) Hospital may terminate this Agreement, upon written notice and payment of any and all fees due Horizon effective immediately, if Horizon (i) files a petition in bankruptcy or is adjudicated bankrupt; (ii) institutes or suffers to be instituted any procedure in bankruptcy court for reorganization or rearrangement of its financial affairs; (iii) has a receiver of its assets or property appointed because of insolvency; or (iv) makes a general assignment for the benefit of creditors.
- (c) Horizon may terminate this Agreement, upon written notice effective immediately, if the Hospital (i) files a petition in bankruptcy or is adjudicated bankrupt; (ii) institutes or suffers to be instituted any procedure in bankruptcy court for reorganization or rearrangement of its financial affairs; (iii) has a receiver of its assets or property appointed because of insolvency; or (iv) makes a general assignment for the benefit of creditors.
- (d) Horizon may, upon written notice effective immediately, terminate this Agreement at any time in the event that Hospital shall fail to pay any fee due to Horizon pursuant to Section VI herein within thirty (30) days after the date that any such payment is due.
- (e) In the event of termination, it is expressly understood that the Hospital shall have the sole responsibility for the continued delivery of services to current patients of the Program or its associated programs. In the event that Horizon provides notice of termination to the Hospital, Horizon agrees to continue to provide services under this Agreement until the Program patients in the Program at the time of termination notice, can be discharged in a safe manner. For this provision to be valid, Hospital agrees to cooperate fully with Horizon's discharge planning process.
- (f) The parties acknowledge that hospitals and providers under Title XVIII (Medicare) of the Social Security Act are eligible to receive reimbursement under the Medicare program for hospital services provided to Medicare recipients. The parties further acknowledge that the Medicare reimbursement methodology is subject to change by governmental regulation, and that such change could affect the amount of reimbursement Hospital receives for providing Program services.

Accordingly, in the event that there is a material change in the methodology by which Medicare reimburses the Hospital for Program inpatient services following the Execution Date, and it is reasonably projected that such a change would decrease the revenue the Hospital receives for the provision of Program inpatient services for Medicare recipients by fifteen percent (15%) or more when such new methodology is compared with the methodology in effect on the Execution Date, then the parties agree to renegotiate this Agreement in good faith. In the event that the parties are unable to renegotiate a mutually acceptable agreement, then either party may terminate this Agreement with ninety (90) days written notice.

### XI.

### **Notices**

Any notice, demand or other document required or permitted to be delivered hereunder shall be in writing and may be delivered personally, by overnight mail, or shall be deemed to be delivered when deposited in the United States Mail, postage prepaid, Registered or Certified Mail, Return Receipt Requested, addressed to the parties at their respective addresses indicated below, or at such other addresses as may have theretofore been specified by written notice delivered in accordance herewith.

- (a) If to Horizon:
   David K. White, Ph.D.
   President
   Horizon Mental Health Management, Inc.
   1500 Waters Ridge Drive
   Lewisville, Texas 75057
- (b) If to Hospital:
   David Southerland
   Chief Executive Officer
   Woods Memorial Hospital
   886 Highway 4-11 North
   Etowah, Tennessee 37331

XII.

### Waiver

The waiver by either party hereto of a breach of any term or provision of this Agreement shall not operate or be construed as a waiver of a subsequent breach of the same provision by any party or of the breach of any other term or provision of this Agreement. The delay or a failure of a party to transmit any written notice hereunder shall not constitute a waiver by such party of any default hereunder or of any other or further default under this Agreement.

### XIII.

### **Miscellaneous**

- (a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state of Tennessee.
- (b) Federal Government Access. Horizon agrees to the extent required by Section 1861(v)(1)(l) of the Federal Social Security Act that:

- (i) Until the expiration of four (4) years after the furnishing of services pursuant to this Agreement, Horizon shall make available, upon written request to the Secretary of Health and Human Services, or upon request to the Comptroller General, or any of their duly authorized representatives, this Agreement, and books, documents and records of Horizon that are necessary to certify the nature and extent of the costs claimed to Medicare with respect to the services provided under this Agreement.
- (ii) If Horizon carries out any of the duties of this Agreement through a subcontract, with a value or cost of \$10,000 or more over a twelve (12) month period, with a related organization, until the expiration of four (4) years after the furnishing of such services pursuant to such subcontract, Horizon shall cause the related organization to make available, upon request to the Secretary of Health and Human Services, or upon request to the Comptroller General, or any of their duly authorized representatives, that subcontract, and books, documents and records of such related organization that are necessary to verify the nature and extent of the costs claimed to Medicare with respect to the services provided under this Agreement.
- (c) <u>Invalid Provisions</u>. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws effective during the term hereof, such provision shall be fully severable and this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part hereof; and the remaining provision hereof shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance herefrom. Furthermore, in lieu of such illegal, invalid, or unenforceable provision, there shall be added automatically as a part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and still be legal, valid or enforceable.
- (d) Entire Agreement. This Agreement sets forth the entire understanding of the parties and supersedes all prior agreements or understandings whether written or oral, with respect to the subject matter hereof. No terms, conditions, warranties, other than those contained herein, and no amendments or modifications hereto shall be binding unless made in writing and signed by the parties hereto. It is understood that only an officer of Horizon can agree in writing to amend or modify this Agreement. It is further understood that Horizon's Program Director is not an officer of Horizon.
- (e) <u>Binding Effect</u>. This Agreement shall extend to and be binding upon and inure to the benefit of the parties hereto, their respective successors and assigns; provided, however, that neither party shall have the right to assign this Agreement, except to a subsidiary or parent corporation, or any entity controlled by a subsidiary or parent corporation, without the prior written consent of the other party hereof.
- (f) <u>Titles</u>. Titles of the paragraphs herein are used solely for convenience and shall not be used for interpretation or construing any work, clause, paragraph, or provision of this Agreement.

- (g) Force Majeure. If either of the parties hereto is delayed or prevented from fulfilling any obligations under this Agreement by any cause beyond the reasonable control of such party, including but not limited to, act of God, act or omission of civil or military authorities of a nation or state, fire, strike, flood, riot, war, delay of transportation, or inability due to the aforementioned causes to obtain necessary labor, materials or facilities, then said party shall not be liable under this Agreement for said delay or failure.
- (h) <u>Counterparts</u>. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument.
- (i) <u>Indemnity Horizon</u>. Horizon hereby agrees to indemnify and hold Hospital harmless from and against any and all liability, loss, damage, claim or cause of action, and expenses connected therewith (including reasonable attorney's fees) caused or asserted to have been caused, directly or indirectly, with or without regard to fault, as a result of the services provided by Horizon under this Agreement.
- (j) Indemnity Hospital. Hospital hereby agrees to indemnify and hold Horizon harmless from and against any and all liability, loss, damage, claim or cause of action, and expenses connected therewith (including reasonable attorney's fees) caused or asserted to have been caused, directly or indirectly, with or without regard to fault, as a result of the services provided by Hospital under this Agreement.
- (k) <u>Independent Contractor</u>. Horizon's relationship to the Hospital shall be that of independent contractor and nothing herein shall be construed as making Horizon an employee, partner or joint venturer of Hospital. It is expressly understood that both parties shall be responsible for their own employees and shall make no claims to the other for work and vacation pay, sick leave, retirement benefits, social security, workers compensation, disability or unemployment, insurance benefits or employee benefits of any kind.
- (I) <u>Cost Reporting Compliance</u>. It is understood and agreed to by the parties that the Hospital may receive reimbursement for all or part of the services provided to Program patients through the Medicare, Medicaid, and/or CHAMPUS programs. Therefore, the Hospital should utilize appropriate technical expertise in filing appropriate cost reports and related documentation and that Program costs are reflected and reported consistent with payor regulations and requirements.
- (m) <u>Enforcement</u>. In the event that either party must resort to legal action in order to enforce these terms and provisions of this Agreement, then the prevailing party shall be entitled to recover the costs of such action so incurred, including without limitation, reasonable attorney's fees.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first written above.

HORIZON MENTAL HEALTH MANAGEMENT, INC.

David K. White, Ph.D.

President

WOODS MEMORIAL HOSPITAL

David Southerland

Chief Executive Officer

PROPOSED

### AMENDED AND RESTATED SERVICES AGREEMENT

THIS AGREEMENT is made the 1st day of April 2014 (the "Effective Date"), by and between Horizon Mental Health Management, LLC, d/b/a Horizon Health Behavioral Health Services, ("Horizon"), and Athens Regional Medical Center, LLC dba Starr Regional Medical Center Etowah formerly known as Woods Memorial Hospital, LLC, an acute care hospital ("Hospital").

WHEREAS, Horizon is in the business of developing systems, procedures and programs necessary for the operation of psychiatric programs by general hospitals; and

WHEREAS, Hospital is a general hospital located in Etowah, Tennessee and desires to operate a 10 bed geropsychiatric inpatient service program in order to fully utilize Hospital's facilities and provide additional services to the community it serves;

NOW, THEREFORE, in consideration of the premises and the mutual terms and conditions hereof, the parties hereby agree as follows:

I.

### **Agreement**

Pursuant and subject to the terms and conditions hereinafter set forth, Hospital hereby retains the services of Horizon to assist in the operation of a geropsychiatric inpatient program by Hospital and Horizon agrees to provide the services necessary to assist in the provision of such psychiatric services by Hospital for the consideration specified herein (the "Program"). This Agreement is solely for the provision of administrative services for the Program. Nothing in this Agreement shall obligate Horizon to contract with physicians for the rendering of professional medical services for the Program's patients. During the term of this Agreement, Hospital agrees that it shall not enter into any agreement with any other person or entity which provides the same or substantially similar services to be provided to Hospital by such other person or entity as the services provided by Horizon hereunder.

11.

### **Term**

The term of this Agreement shall commence on April 1, 2014 (the "Commencement Date") and have an initial term ending March 31, 2016. This Agreement shall renew automatically for subsequent one (1) year terms unless written notice of termination is given by either party to the other on or before one hundred twenty (120) days prior to the end of any term.

### **Covenants of Hospital**

Hospital covenants and agrees that, at Hospital's expense, Hospital shall:

- (a) Make all modifications and alterations to Hospital's facilities necessary for the operation of the Program in compliance with all applicable state and federal licensing, certification and code requirements.
- (b) Furnish all ancillary Hospital facilities, support services, and patient services required to accommodate and satisfy the medical and therapeutic needs of the Program patients.
- (c) Provide nursing, secretarial, clerical, and other required support staff necessary to operate the Program, including but not limited to, nurses, psychiatric technicians, activity/occupational therapists, master level therapist(s) unit clerks, and Program secretary.
- (d) Permit the nursing, therapy, secretarial, clerical and other support staff for the Program to receive on-site training by Horizon in the Program procedures to be followed in the Program.
- (e) Remain currently licensed under applicable state law, certified as a hospital provider under Title XVIII (Medicare) of the Social Security Act and accredited by the Joint Commission as a hospital and maintain said certifications or accreditations, and all other licenses required by law, during the term of this Agreement. Evidence of such licenses, certificates and accreditations shall be submitted to Horizon upon reasonable request.
  - (f) Promptly notify Horizon in writing within five (5) business days of:
- (i) Any action against any of Hospital's licenses, Medicare or Medicaid certification, Hospital's accreditation by the Joint Commission or any successor of the Joint Commission;
  - (ii) Any changes in Hospital's ownership or business address;
- (iii) Any legal or governmental action initiated against Hospital which could materially affect this Agreement; and,
- (iv) Any other occurrence known to Hospital that could materially impair the ability of Hospital to carry out its duties and obligations of this Agreement.
- (g) Provide all Horizon and Hospital employees working in the Program all necessary pre-employment and periodic health screening examinations and

vaccinations as required or offered for other Hospital employees at no charge to Horizon.

- (h) Provide professional and general liability insurance coverage of at least One Million Dollars (\$1,000,000) per occurrence and Three Million Dollars (\$3,000,000) in the aggregate with respect to Hospital employees, students and volunteers in the Program. Additionally, Hospital agrees to provide workers' compensation coverage for Hospital employees at levels in compliance with state statutes. Hospital shall furnish satisfactory certificates of such insurance upon request. Hospital agrees to provide Horizon with no less than thirty (30) days' written notice of cancellation or any material change in coverage. In the event that Hospital's insurance coverage is on a claims made basis, and Hospital cancels its insurance coverage, then Hospital agrees to purchase "tail" coverage for an extended reporting period endorsement which includes prior acts coverage for the entire term and any extensions of the term of this Agreement.
- (i) Notify Horizon within fifteen (15) business days of any legal action claiming medical malpractice related to services provided to Program patients filed against Hospital or Hospital's physicians during the period this Agreement is or was in effect. On any and all situations of potential legal liability of any kind, whether or not related to medical malpractice, Horizon's representatives shall be allowed to examine and receive a photocopy of the relevant medical records, personnel files, credentialing files and related supporting documents, subject to satisfaction of all privacy requirements under applicable federal and state law. Hospital shall allow Horizon access to medical records and related documentation in the event of a sentinel event, grave incident, and/or circumstance where there is significant risk of litigation.
- (j) Provide at Hospital's expense and with Hospital's prior approval the following items necessary for the Program: printing and production of invitations, announcements, brochures, fact sheets, flyers, patient handbooks; secretarial assistance for tasks such as typing, filing, receptionist, preparation of reports, etc.; as needed and as agreed upon by both parties; yellow page purchases; telephone and facsimile services; food, refreshments, space and honorariums for seminars, tours and workshops as needed and agreed upon by both parties; printed and video patient educational material;; and two computers. At a minimum the computers will include a Windows XP SP3 or higher operating system, a 2.0 GHz or higher Pentium IV processor, a minimum of 1.0 GB of memory, a 40GB or higher hard drive, an SVGA video card and 17 inch or greater monitor capable of 1280 x 1024 or greater resolution, Microsoft Office 2003 Professional, Internet Explorer 7.0 or above, Anti-Virus, and Internet access to Horizon's Web Mail, Go To Meeting, and Share Point Portals. The computers shall be configured and updated in such a manner to comply with industry standard best practices (i.e., anti-virus, Windows updates, security, etc.). Computers shall be upgraded and/or updated as required to support Hospital and Horizon applications. A compatible laser or inkjet printer should also be included. In the event that the parties mutually agree that an additional computer is needed for the Program, then the Hospital

shall provide an additional computer equipped to handle the needs of Horizon-specific applications and programs.

- (k) Maintain a Hospital-wide quality improvement system that meets the standards of both The Joint Commission and CMS Section 482.21-Conditions of Participation for Hospitals: Quality Assessment and Performance Improvement. Hospital shall also provide a Utilization Review process that meets CMS 482.30 Conditions of Participation: Utilization Review and CMS 412.25 Common Requirements for excluded Distinct Part Hospital Units.
- (I) Agree that licensed psychiatrists who are members of Hospital's medical staff may admit and practice in the Program, and that Hospital will maintain and implement a medical staff review procedure to address attending physicians' performance issues in accordance with Hospital medical staff bylaws.
- (n) Represent and warrant to Horizon that Hospital is not a "Sanctioned Provider", meaning that Hospital (i) is not currently excluded, debarred, or otherwise ineligible to participate in the Federal health care programs, including, but not limited to, Medicare, Medicaid or CHAMPUS, as defined in 42 USC § 1320a-7b(f) (the "Federal health care programs"); (ii) is not convicted of a criminal offense related to the provision of health care items or services and has not yet been excluded, debarred, or otherwise declared ineligible to participate in the Federal health care programs; and (iii) is not under investigation or otherwise aware of any circumstances which may result in Hospital being excluded from participation in the Federal health care programs. This shall be an ongoing representation and warranty during the term of this Agreement and Hospital shall immediately notify Horizon of any change in the status of the representation and warranty set forth in this Section.
- (o) Hospital is solely responsible for all personnel decisions in connection with persons who are employees of Hospital, including, selection, hiring, compensation, classification under wage and hour laws, assignment, discipline, release, termination and management.

#### **Covenants of Horizon**

Horizon covenants and agrees that it shall:

- (a) Provide recommendations concerning modifications and alterations to the physical plant necessary to establish and commence the operation of the Program in the Hospital.
- (b) Determine, implement, and provide appropriate programs and services to carry out treatment plans for the patients of the Program, subject to the review and approval of such programs and services by Hospital. It is understood that daily patient care including diagnosis, development of the treatment plan, determining changes in the treatment plan and discharge planning is determined by the licensed physicians on the Hospital's medical staff practicing in the Program.
- (c) Provide the Program staff as needed for the Program, including but not limited to, providing the following services Program direction, [medical-administrative direction, ]community education, and implementation of comprehensive treatment programs. The Program staff shall be responsible for supervising, as appropriate, the operations of the Program. The Horizon Program staff shall be compensated by Horizon and shall be responsible to the Program Director. The Horizon Program staff shall consist of the following personnel:

## **Program Staff**

# Position

Full-Time Equivalent (FTE)

Program Director – Nurse Manager Assistant Program Director – Education Manager 1.0

1.0
Medical Director
Weekend Coverage Physician(s)

Part-time Independent Contractor
Part-time Independent Contractor(s)

- (d) Provide on-site training to Hospital nursing, therapy, activity/occupational therapy, secretarial and clerical staff in the Program procedures and operation of the Program.
- (e) Assist and advise Hospital in the preparation of any and all information, data and materials required for an application for accreditation, certification, licensure and survey by voluntary, local, state and national organizations.
- (f) Provide professional and general liability insurance coverage of at least One Million Dollars (\$1,000,000) per occurrence and Three Million Dollars (\$3,000,000) in the aggregate with respect to Horizon employees in the Program. Horizon shall furnish

satisfactory certificate of such insurance to Hospital upon request. Horizon agrees to provide Hospital with no less than thirty (30) days written notice of cancellation or any material change in coverage. Additionally, Horizon agrees to provide workers compensation coverage at levels in compliance with state statutes. In the event that Horizon's insurance coverage is on a claims made basis, and Horizon cancels its insurance coverage, then Horizon agrees to purchase "tail" coverage for an extended reporting period endorsement which includes prior acts coverage for the entire term and any extensions of the term of this Agreement.

- (g) Provide for approval by Hospital customized copy for all Program fact sheets, brochures, announcements, flyers, and related written materials necessary to describe the elements of the Program to the public, subject to approval by Hospital.
- (h) Recommend nurse staffing patterns to be followed in the Program in conjunction with the Hospital administrator or designee.

(i)

- (j) Provide a customized information software system, (HorizonPlus<sup>SM</sup>) to be utilized for the individualized tracking of pertinent Program community relations information.
- (I) Hospital has selected Horizon, through Horizon's affiliate subcontractor, Mental Health Outcomes, Inc., ("MHO"), to provide to the Joint Commission, utilizing MHO's CQI+ system, Hospital Based Inpatient Psychiatric Services ("HBIPS") Core Measures data as required for accreditation. For this service Horizon will pass-through to Hospital the Joint Commission's HBIPS quarterly submission fee. The Joint Commission's HBIPS submission fee will be invoiced in the months that the quarterly submissions are made (January, April, July, and October). Horizon agrees to provide to the Joint Commission for Hospital, calendar year quarterly submissions, and resubmission, in hardcopy form any data that is discovered post-submission, by either party, to be inaccurate, and will pass-through to Hospital the Joint Commission's ORYX quarterly re-submission fee. Hospital agrees to permit Horizon direct access to data, medical records or onsite visits for purposes of data validation and re-abstraction as deemed necessary by the Joint Commission. Upon termination of this Agreement, Hospital may provide written request to Horizon to complete the Joint Commission HBIPS submission for data collected in the prior six (6) months. Upon such request, Hospital shall be required to pay to Horizon two (2) quarters of the Joint Commission's HBIPS submission fees. Such fees shall be included in Hospital's final invoice. This Section shall survive termination of this Agreement for any reason.
- (m) Hospital has selected Horizon, through Horizon's affiliate subcontractor, Mental Health Outcomes, Inc., ("MHO"), to provide to the Centers for Medicare and Medicaid Services ("CMS"), utilizing MHO's CQI+ system, data as required for Inpatient Psychiatric Facilities Quality Reporting ("IPFQR"). Horizon agrees to provide annual submissions to CMS for Hospital as scheduled by CMS. Hospital agrees to permit

Horizon direct access to data, medical records or onsite visits for purposes of data validation and re-abstraction as deemed necessary by CMS. Upon termination of this Agreement, Horizon will provide to Hospital aggregated IPFQR results for any quarters for which data collection has been completed at time of termination, to allow Hospital to independently complete data submission to CMS. This Section shall survive termination of this Agreement for any reason.

V.

## Operation of the Program

It is agreed and understood that:

- a) The Program is a service provided by Hospital to Hospital's patients and ultimate control and supervision over the Program and its operations shall reside in Hospital. The Program shall be subject to the same monitoring and oversight by Hospital as is applicable to any other department of the Hospital.
- (b) The Horizon Program Director shall be responsible to the appropriate member of Hospital administration staff and shall function in a departmental head capacity. The Horizon Program Director shall comply with all reporting requirements of Hospital administration and shall be accountable to Hospital administration in the same manner as any department of Hospital.
- (c) The medical staff committees of Hospital, such as quality assurance, utilization review and coordination and integration of services, shall be responsible for the medical services provided in the Program.
- (d) The Medical Director of the Program shall report to the Chief Medical Officer (or similar official) of Hospital in the same manner as any other medical director of a department of Hospital and shall be subject to the same type of supervision and accountability as any other department medical director.
- (e) Horizon shall conduct its activities in compliance with all rules, policies and regulations of Hospital, Hospital's medical staff, and all applicable governmental rules, regulations, statutes, ordinances, and in compliance with Joint Commission standards.
- (f) Horizon shall consult with Hospital in the selection of Horizon's Program Director, Medical Director and all members of its staff for the Program, and Horizon shall not offer employment or continue to employ any Program individual rendering services to the Program to whom Hospital reasonably objects; such objection shall be communicated to Horizon within ten (10) days of Hospital's receipt of information from Horizon related to the qualifications of the potential Medical Director and Program staff. Hospital shall provide Horizon written notice of any employee deficiencies and Horizon shall have thirty (30) days from date of such notice to correct the employee's job performance deficiencies. In the event that the Hospital still desires that the employee

be removed from the Program after such thirty (30) day period, Horizon agrees to remove such employee within fifteen (15) days of notice to such effect in a manner consistent with Horizon's personnel policies and procedures. In the event that Horizon's failure to employ, or contract with, any persons to fill the Medical Director or any Program Staff position is due to the delayed response or failure of Hospital to exercise its best efforts to review and approve potential Program Staff candidates presented by Horizon, such failure shall not rise to the level of breach by Horizon. Further, Hospital shall not unreasonably hold approval or reject candidates.

- (g) Hospital shall consult with Horizon in the selection of Hospital's nursing, therapy, clerical, secretarial and applicable support staff for the Program, and Hospital shall not offer employment or continue to employ any Program individual rendering services to the Program to whom Horizon reasonably objects; such objection shall be communicated to Hospital within ten (10) days of Horizon's receipt of information from Hospital related to the qualifications of the potential Hospital Program staff. Horizon shall provide Hospital written notice of any employee deficiencies and Hospital shall have thirty (30) days from date of such notice to correct the employee's job performance deficiencies. In the event that Horizon still desires that the employee be removed from the Program after such thirty (30) day period, Hospital agrees to remove such employee within fifteen (15) days of notice to such effect in a manner consistent with Hospital's personnel policies and procedures. In the event that Hospital's failure to employ, or contract with, any persons to fill any Hospital Program Staff position is due to the delayed response or failure of Horizon to exercise its best efforts to review and approve potential Hospital Program Staff candidates presented by Hospital, such failure shall not rise to the level of breach by Hospital. Further, Horizon shall not unreasonably hold approval or reject candidates.
- (h) All Horizon personnel shall be responsible to the Horizon Program Director and shall comply with all non-compensatory policies, rules and regulations of Hospital.
- (i) All patient records are records of Hospital and shall be maintained in accordance with the procedures of Hospital applicable to patient records.
- (i) Horizon shall not distribute any of Hospital's public relations, advertising, and community relations materials and literature for the Program without Hospital's approval.
- (k) The Horizon Program Director shall complete annual performance evaluations on all Horizon personnel.
- (I) As a condition of this Agreement, Hospital and Horizon shall enter into the Business Associate Agreement, attached hereto as Exhibit A.

#### **Horizon Fees**

Hospital shall pay Horizon for Horizon's services the fees as described in subsections (a), (b), (c), and ( d) below.

- (a) Inpatient Rate –Management Fee For the period beginning with the Commencement Date of this Agreement, the Hospital shall pay to Horizon on a monthly basis a management fee for its services equal to \$16,000.00 per month (the "Management Fee"). This Management Fee includes the medical director stipend for services provided on Thursdays and Fridays only.
- (b) Clinical Outcomes Measurement Fee the CQI+ training and completion for the CQI+ geropsychiatric module (the "CQI+ Fee") is included in the management fees currently paid to Horizon by Hospital. Accordingly, Horizon shall not separately invoice the Hospital for such amounts.
- (c) HBIPS/IPFQR Reporting Fee The parties acknowledge the HBIPSS/IPFQR Reporting Fee is included in the management fees currently paid to Horizon by Hospital. Accordingly, Horizon shall not separately invoice the Hospital for such amounts.
- (d) Pass-through Expenses —Beginning with the Commencement Date in addition to Horizon's fees noted in subsections (a), (b), and (c) herein, Hospital shall pay to Horizon each month the salary and benefits costs, benefits costs to be calculated at twenty-two percent (22%) of salary ("Pass-through Expenses") for the following: i) First FTE salary \$85,000.00 yearly; ii) Second FTE salary \$75,000.00 yearly, total monthly payment of \$16,266.67. Salary will include all wages paid to the employee(s) including wages for paid time off, . Hospital will have the right to approve as reasonable the salary levels that Horizon intends to provide for these poisitons. In addition, Hospital shall pay to Horizon each month an amount equal to the Medical Director stipend for services provided on Saturdays through Wednesdays, as agreed to in advance in writing by the parties.
- (e) On or before the sixth (6<sup>th</sup>) working day of each calendar month, Horizon shall mail, or send via electronic mail, to Hospital an invoice for the fee payable to Horizon for the preceding calendar month. Such invoices shall be due and payable by Hospital on or before the earlier of the last day of the calendar month following the calendar month to which the invoice relates or the last day of this Agreement. Hospital agrees to pay Horizon interest, at the rate of two (2) points over the prime rate of JP Morgan Chase Bank or the maximum interest rate under applicable law, on any and all Horizon fees unpaid after the due date, said interest to accrue from the date originally due.
- (f) The Inpatient Monthly Services Fee shall be hereinafter referred to as the "Service Rate." The Service Rate shall be adjusted on the start of the second (2<sup>nd</sup>) year following the commencement date of this Agreement, and annually thereafter, based on

the most recent Medicare Update Adjustment Percentage as determined by the US Congress (the "MUAP"). The MUAP for the month preceding the calendar month in which respective anniversary date occurs shall be compared to the MUAP for the same month of the prior year. The Service Rate in effect upon the anniversary date shall be increased in the same proportion that the MUAP has increased between the respective months of comparison. In no event, however, shall the Service Rates be adjusted to a rate lower than the Service Rates in effect on the date the adjustment is due. If the MUAP necessary to determine the annual adjustment of the Service Rates is not available, Hospital shall continue to pay to Horizon at the Service Rates then in effect with appropriate additional payments to be made if an adjustment is required after the respective MUAP becomes available.

(g) Hospital and Horizon agree that no portion of the consideration payable to Horizon under this Agreement shall constitute a payment for either referring a patient to the Hospital or recommending to any person the purchase of services from Hospital. Horizon shall have no obligation and responsibility of any kind under this Agreement to refer any individual to Hospital or to recommend the services of Hospital to any individual. Both Hospital and Horizon intend that this Agreement shall be applied and construed in a manner that does not create an arrangement that would violate the provisions of the Medicare anti-kickback statute, 42 U.S.C. § 1320a-7b.

VII.

## Patient Admissions and Billing

Hospital shall have the sole right to determine the eligibility for admission of all patients, including the policy and procedures for judging clinical admissions and including developing and administering financial criteria. Hospital or its duly authorized agent shall have the exclusive and sole right to invoice and collect all charges for Hospital services rendered to Program patients. All amounts collected by Hospital or Hospital's duly authorized agent pursuant to such invoices shall belong exclusively to Hospital and Horizon shall have no right or interest in the same. However, charges for professional services rendered to Program patients by health professionals such as physicians, clinical nurse specialists, advanced registered nurse practitioners, etc., shall be invoiced and collected by the health professional or their employer, if so assigned by the health professional. Horizon agrees to repay any amounts recouped or unpaid due to denial by a government payor or designated government contractor (eg. RAC, MIC, etc.) that are due to incomplete or non-compliant documentation recordkeeping or any other issue that is the responsibility of Horizon. Hospital will alert Horizon of the denial or recoupment within thirty (30) days and Horizon shall pay back those amounts to Hospital within thirty (30) days. If not paid in full within thirty (30) days, Hospital can withhold payments under this Agreement.

#### VIII.

### **Confidential Information**

For the purposes of this Agreement, the term confidential information (the "Confidential Information") shall include the following: (i) all documents and other materials, including but not limited to, all memoranda, clinical manuals, handbooks, production books, educational material and audio or visual recordings, which contain information relating to the operation of the Program (excluding written materials distributed to patients in the operation of the Program or as promotion for the Program), (ii) all methods, techniques and procedures utilized in providing services to patients in the Program not readily available through sources in the public domain, (iii) all trademarks, tradenames, service marks, or protected software of Horizon and their related data files, and (iv) any and all documents, materials and other information regarding Hospital, or any of Hospital's patients or personnel, that is not readily available in the public domain.

Each party hereto agrees and acknowledges that (i) the Confidential Information constitutes valuable business information developed by each party at great expenditure of time, effort and money, and (ii) the Confidential Information may not be used for any purpose other than the performance of this Agreement without the express prior written consent of the party to whom it belongs or relates. Each party hereto further agrees to keep strictly confidential and hold in trust all Confidential Information and not disclose or reveal such information to any third party without the express prior written consent of the party to whom it belongs or relates.

Each party hereto acknowledges that the disclosure of Confidential Information to the other party is done in reliance upon the other party's representations and covenants in this Agreement. Upon termination of this Agreement by either party for any reason whatsoever, each party hereto shall forthwith return to the other party all material constituting or containing Confidential Information belonging or relating to such other party and each party hereto shall not thereafter use, appropriate, or reproduce such information or disclose such information to any third party.

In the event of a breach by either party of the provisions of this Section, the non-breaching party shall be entitled to an equitable remedy prohibiting the breaching party from disclosing in whole or in part any Confidential Information. Nothing herein shall be construed as prohibiting the breached party from pursuing other remedies available to it, including recovery of damages.

IX.

# Recruitment of Personnel

(a) Hospital acknowledges that Horizon has expended and shall continue to expend substantial time, effort and money in recruiting and training Horizon's

employees and independent contractors necessary for providing Horizon's services for the Program. Such employees and independent contractors shall have access to and possess Confidential Information of Horizon. In consideration thereof, Hospital shall not:

(i) During the term of this Agreement, and for a period of two (2) years after termination of this Agreement, for any reason whatsoever, unless Horizon gives its prior written consent thereto, directly or indirectly, employ or solicit the employment of any current or former Horizon employees or independent contractors hired for the provision of services under this Agreement. Notwithstanding the above Horizon agrees that Hospital may employ Horizon employees who were hired by Horizon directly from the Hospital and Program Staff Physician(s) during the term of this Agreement after the termination of this Agreement.

(ii)

(iii)

- (iv) Should either party exercise the 120 day out and the Agreement does not continue through the end of the term as noted in Section II. Term, then upon request from the Hospital, Horizon will give its written consent thereto to the Hospital to buy-out the Physician(s) staff listed in Section IV. Covenants of Horizon, paragraph (c) Independent Contractor(s) for a \$50,000 recruitment fee.
- (v) Should the Agreement reach the full term with neither party exercising a no cause out termination, then Horizon will give its written consent thereto to Hospital, to allow Hospital to directly or indirectly, employ or solicit the employment of any individuals recruited by Horizon and proposed to Hospital to be an employee or independent contractor of Horizon for this Program.

X.

#### **Termination**

This Agreement may be terminated upon the occurrence of any one of the following events:

(a) Either party may terminate this Agreement upon the failure of the other to cure any breach or default of any material term, condition or covenant of this Agreement (other than the payment of the Horizon fees which shall be governed by Section X(d) herein) within thirty (30) days after receipt of written notice by the terminating party to the other specifying with particularity the specific material term, condition or covenant which has not been performed or has been breached by the other party. Notwithstanding the foregoing, in the case of an alleged breach which cannot, with due diligence, be cured within such period of thirty (30) days, either party may terminate this Agreement if the breaching party fails to exercise due diligence to cure such alleged

breach within thirty (30) days from receipt of such notice (it being intended that in connection with a breach not susceptible of being cured with due diligence within thirty (30) days, that the time of the breaching party within which to cure the same shall be extended for such period as may be necessary to complete the same with all due diligence).

- (b) Hospital may, effective immediately, upon written notice to Horizon, and payment of any and all fees due Horizon, terminate this Agreement, if Horizon (i) files a petition in bankruptcy or is adjudicated bankrupt; (ii) institutes or suffers to be instituted any procedure in bankruptcy court for reorganization or rearrangement of its financial affairs; (iii) has a receiver of its assets or property appointed because of insolvency; (iv) makes a general assignment for the benefit of creditors, or (v), is or becomes a sanctioned provider or employs or contracts with a sanctioned provider for the provision of Services under this Agreement, due to patient care concerns..
- (c) Horizon may, effective immediately, upon written notice to Hospital, terminate this Agreement, if Hospital (i) files a petition in bankruptcy or is adjudicated bankrupt; (ii) institutes or suffers to be instituted any procedure in bankruptcy court for reorganization or rearrangement of its financial affairs; (iii) has a receiver of its assets or property appointed because of insolvency; (iv) makes a general assignment for the benefit of creditors, or (v) is, or becomes, a Sanctioned Provider.
- (d) Horizon may, upon written notice effective immediately, terminate this Agreement at any time in the event that Hospital shall fail to pay any fee due to Horizon pursuant to Section [VI] herein within thirty (30) days after the date that any such payment is due.
- (e) In the event of termination, with or without cause, by either party, it is expressly understood that Hospital shall have sole responsibility for the continued delivery of services to current patients of the Program or the Program's associated programs.
- (g) Either party may exercise a 120 days written notice to the other party to terminate this Agreement without cause during the period of January 1, 2015 to December 30, 2015. In the event either party, does not exercise the written notice during this period, then the Agreement continues as per in Section II. Term herein.
- (h) If this Agreement continues through the automatic subsequent renewal terms as noted in Section II. Term, than either party may serve one hundred twenty (120) day notice with no cause out at anytime.

In the event of the termination of this Agreement, with or without cause, by either party, such termination shall not affect or negate any obligations of either party to the other arising prior to the date of termination. Further, any termination of this Agreement shall

be without prejudice to any right or remedy to which the terminating party may be entitled either at law, or in equity, or under this Agreement.

XI.

#### **Notices**

Any notice, demand or other document required or permitted to be delivered hereunder shall be in writing and may be delivered personally, by overnight mail, or shall be deemed to be delivered when deposited in the United States Mail, postage prepaid, Registered or Certified Mail, Return Receipt Requested, addressed to the parties at their respective addresses indicated below, or at such other addresses as may have theretofore been specified by written notice delivered in accordance herewith.

- (a) If to Horizon:
  President
  Horizon Mental Health Management, LLC, d/b/a
  Horizon Health Behavioral Health Services
  2941 South Lake Vista Drive
  Lewisville, Texas 75067
- (b) If to Hospital:
  Chief Executive Officer
  Athens Regional Medical Center, LLC, d/b/a
  Starr Regional Medical Center Etowah
  P.O. Box 250
  Athens, TN 37371

XII.

#### <u>Waiver</u>

The waiver by either party hereto of a breach of any term or provision of this Agreement shall not operate or be construed as a waiver of a subsequent breach of the same provision by any party or of the breach of any other term or provision of this Agreement. The delay or a failure of a party to transmit any written notice hereunder shall not constitute a waiver by such party of any default hereunder or of any other or further default under this Agreement.

#### XIII.

#### <u>Arbitration</u>

(a) Agreement to Arbitrate. Any controversy or claim arising out of or relating to this Agreement, or the breach, termination or validity thereof, shall be determined by arbitration in McMinn County, Tennessee in accordance with the provisions of this Article XIII and the arbitration rules of the American Health Lawyers Association Dispute Resolution Service ("AHLADRS") in effect on the date of this Agreement by a single

arbitrator who is selected as provided in Article XIII (b) below. The arbitrator shall base the award on this Agreement and applicable law and judicial precedent and shall accompany the award with a written explanation of the reasons for the award. The arbitration shall be governed by the substantive and procedural laws of the State of Tennessee applicable to contracts made and to be performed therein. The decision of the Arbitrator shall be binding upon the parties and enforceable in the courts of the State of Tennessee.

- **(b)** <u>Selection of Arbitrator.</u> The arbitrator shall be selected as provided in this Article XIII and otherwise in accordance with the rules of the AHLADRS in effect on the date of this Agreement.
- (c) <u>Authority of Arbitrator</u>. The arbitrator shall have the exclusive authority to decide the scope of issues to be arbitrated. Any challenge to the arbitrability of any issue related in any way to the matters or claims in dispute between the parties shall be determined solely by the arbitrator. Also, any challenge to the validity of this arbitration provision or any subpart thereof shall be determined and decided exclusively by the arbitrator.
- (d) Discovery: Arbitration Hearing. Rule 4.02 of the arbitration rules of the AHLADRS is hereby modified to provide that discovery shall be limited to (1) the production, by all parties to the arbitration, to the other parties thereto of all documents and electronic or computer records relevant or pertaining to any of the matters at issue; and (2) to allow each party to the arbitration to take five depositions, none of which may last more than four hours (exclusive of breaks and adjournments). These limits may be relaxed only upon the express agreement of each of the parties to the arbitration and the arbitrator. Rule 4.04 of the AHLADRS arbitration rules is modified to provide that once the evidentiary hearing commences, it shall continue day-to-day until completed, with the exception of Saturdays, Sundays and legal holidays. Otherwise, the evidentiary hearing can only be adjourned by agreement of all of the parties and of the arbitrator for a period of time agreed upon by all of them.

#### XIV.

#### <u>Miscellaneous</u>

- (a) <u>Governing Law</u>. This Agreement shall be governed by and construed in accordance with the laws of the state of Tennessee, notwithstanding any conflicts of law provisions to the contrary.
- (b) Federal Government Access. Horizon agrees to the extent required by Section 1861(v)(1)(I) of the Federal Social Security Act that:
- (i) Until the expiration of four (4) years after the furnishing of services pursuant to this Agreement, Horizon shall, upon written request, make available to the Secretary of Health and Human Services, or upon request to the Comptroller General,

or any of their duly authorized representatives, this Agreement, and books, documents and records of Horizon that are necessary to certify the nature and extent of the costs claimed to Medicare with respect to the services provided under this Agreement.

- (ii) If Horizon carries out any of the duties of this Agreement through a subcontract, with a value or cost of \$10,000 or more over a twelve (12) month period, with a related organization, until the expiration of four (4) years after the furnishing of such services pursuant to such subcontract, Horizon shall cause the related organization to make available, upon request to the Secretary of Health and Human Services, or upon request to the Comptroller General, or any of their duly authorized representatives, that subcontract, and books, documents and records of such related organization that are necessary to verify the nature and extent of the costs claimed to Medicare with respect to the services provided under this Agreement.
- (c) <u>Invalid Provisions</u>. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws effective during the term hereof, such provision shall be fully severable and this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part hereof; and the remaining provision hereof shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance herefrom. Furthermore, in lieu of such illegal, invalid, or unenforceable provision, there shall be added automatically as a part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and still be legal, valid or enforceable.
- (d) Entire Agreement. This Agreement sets forth the entire understanding of the parties and supersedes all prior agreements or understandings whether written or oral, with respect to the subject matter hereof. No terms, conditions, warranties, other than those contained herein, and no amendments or modifications hereto shall be binding unless made in writing and signed by the parties hereto. It is understood that only officers of Horizon and Hospital can agree in writing to amend or modify this Agreement. It is further understood that Horizon's Program Director is not an officer of Horizon.
- (e) <u>Binding Effect</u>. This Agreement shall extend to and be binding upon and inure to the benefit of the parties hereto, their respective successors and assigns; provided, however, that neither party shall have the right to assign this Agreement, except to a subsidiary or parent corporation, or any entity controlled by a subsidiary or parent corporation, without the prior written consent of the other party hereof.
- (f) <u>Titles</u>. Titles of the paragraphs herein are used solely for convenience and shall not be used for interpretation or construing any work, clause, paragraph, or provision of this Agreement.
- (g) <u>Force Majeure</u>. If either of the parties hereto is delayed or prevented from fulfilling any obligations under this Agreement by any cause beyond the reasonable control of such party, including but not limited to, act of God, act or omission of civil or

military authorities of a nation or state, fire, strike, flood, riot, war, delay of transportation, or inability due to the aforementioned causes to obtain necessary labor, materials or facilities, then said party shall not be liable under this Agreement for said delay or failure.

- (h) <u>Counterparts</u>. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument. Facsimile and scanned copies hereof shall be deemed to be originals.
- (i) <u>Independent Contractor</u>. Horizon's relationship to the Hospital shall be that of independent contractor and nothing herein shall be construed as making Horizon an employee, partner or joint venturer of Hospital. It is expressly understood that both parties shall be responsible for their own employees and shall make no claims to the other for work and vacation pay, sick leave, retirement benefits, social security, workers compensation, disability or unemployment, insurance benefits or employee benefits of any kind. Hospital shall indemnify and hold Horizon harmless from personnel matters in connection with the assertion of employment related claims made by Hospital employees who are paid directly by Hospital for their services, including, but not limited to, claims for wrongful termination, discrimination, harassment, violation of state or federal statutes, breach of contract, workplace torts, violation of public policy, Labor Code violations, and breach of the covenant of good faith and fair dealing.
- (j) <u>Cost Reporting Compliance</u>. It is understood and agreed to by the parties that the Hospital may receive reimbursement for all or part of the services provided to Program patients through the Medicare, Medicaid, and/or CHAMPUS programs. Therefore, the Hospital should utilize appropriate technical expertise in filing appropriate cost reports and related documentation and that Program costs are reflected and reported consistent with payor regulations and requirements.
- (k) <u>Enforcement</u>. In the event that either party must resort to legal action in order to enforce these terms and provisions of this Agreement, then the prevailing party shall be entitled to recover the costs of such action so incurred, including without limitation, reasonable attorney's fees.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first written above.

HORIZON MENTAL HEALTH MANAGEMENT, LLC, d/b/a HORIZON HEALTH BEHAVIORAL HEALTH SERVICES

<b>n</b> 0	
Ву:	
Jack DeVaney	

#### President

# ATHENS REGIONAL MEDICAL CENTER, LLC, d/b/a STARR REGIONAL MEDICAL CENTER ETOWAH

3y:		
Jy	John Workman	
	Chief Executive Officer	

#### Exhibit A

#### **BUSINESS ASSOCIATE AGREEMENT**

This Business Associate Agreement (the "Agreement") is made by and among Hospital (herein referred to as "Covered Entity") and Horizon (hereinafter individually and collectively referred to as "Business Associate"). Covered Entity and Business Associate shall be collectively referred to herein as the "Parties".

WHEREAS, Covered Entity is entering into a business relationship with Business Associate that is memorialized in that certain Professional Services Agreement, as may be amended from time to time (the "Underlying Agreement") pursuant to which Business Associate may be considered a "business associate" of Covered Entity as defined in the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") including all pertinent regulations (45 CFR Parts 160 and 164) issued by the U.S. Department of Health and Human Services as either have been amended by Subtitle D of the Health Information Technology for Economic and Clinical Health Act (the "HITECH Act"), as Title XIII of Division A and Title IV of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. 111–5) (collectively "HIPAA Law");

WHEREAS, the nature of the prospective contractual relationship between Covered Entity and Business Associate may involve the exchange of Protected Health Information ("PHI") as that term is defined under HIPAA Law; and

For good and lawful consideration as set forth in the Underlying Agreement, Covered Entity and Business Associate enter into this agreement for the purpose of ensuring compliance with the requirements of the HIPAA Law and relevant state law.

NOW THEREFORE, the premises having been considered and with acknowledgment of the mutual promises and of other good and valuable consideration herein contained, the Parties, intending to be legally bound, hereby agree as follows:

- I. **DEFINITIONS**. Terms not defined below shall have the meaning set forth in the HIPAA Law.
  - A. <u>Individual</u>. "Individual" shall have the same meaning as the term "individual" in 45 CFR §160.103 and shall include a person who qualifies as a personal representative in accordance with 45 CFR §164.502(g).
  - B. Breach. "Breach" shall have the same meaning as the term "breach" in 45 CFR §164.402.
  - c. <u>Designated Record Set</u>. "Designated Record Set" shall have the same meaning as the term "designated record set" in 45 CFR §164.501.

- D. Electronic Protected Health Information, EPHI or Electronic PHI. "Electronic Protected Health Information", "EPHI" or "Electronic PHI" shall have the same meaning as the term "electronic protected health information" in 45 CFR §160.103, limited to the information created or received by Business Associate from or on behalf of Covered Entity.
- E. Encrypted or Encryption. Any encryption requirements set forth in this Agreement must meet the U.S. Department of Health and Human Services Guidance Specifying the Technologies and Methodologies that Render Protected Health Information Unusable, Unreadable, or Indecipherable to Unauthorized Individuals for Purposes of the Breach Notification Requirements under Section 13402 of HITECH Act.
- F. Privacy Rule. "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Part 160 and Part 164, Subparts A and E, as amended by the HITECH Act and as may otherwise be amended from time to time.
- Information or "PHI" shall have the same meaning as the term "protected health information" in 45 CFR §160.103, limited to the information created or received by Business Associate from or on behalf of Covered Entity. As used in this Agreement, Protected Health Information shall also include Electronic PHI.
- н. Required by Law. "Required by Law" shall have the same meaning as the term "required by law" in 45 CFR §164.103.
- I. <u>Secretary</u>. "Secretary" shall mean the Secretary of the U.S. Department of Health and Human Services or his or her designee.

- J. <u>Security Incident</u>. "Security Incident" shall have the same meaning as the term "security incident" in 45 CFR §164.304.
- K. Security Rule. The "Security Rule" shall mean the regulations found at 45 CFR Part 160 and Part 164, Subparts A and C, as amended by the HITECH Act and as may otherwise be amended from time to time.
- L. <u>State Privacy and Security Laws</u>. "State Privacy and Security Laws" shall mean all applicable state laws relating to privacy, security, data breach and confidentiality of the information provided to Business Associate under this Agreement.
- M. <u>Subcontractor</u>. "Subcontractor" shall have the same meaning as the term "subcontractor" in 45 CFR § 160.103.
- N. <u>Unsecured Protected Health Information</u>. "Unsecured Protected Health Information" or "Unsecured PHI" shall have the same meaning as the term "unsecured protected health information" in 45 CFR §164.402.

#### II. APPLICABILITY

between Covered Entity and Business Associate, whether written or verbal, pursuant to which Covered Entity provides or will provide any Protected Health Information to Business Associate in any form whatsoever (the "Underlying Agreement"). As of the Effective Date, this Agreement shall automatically amend and be incorporated as part of the Underlying Agreement, whether or not specifically referenced therein. Should there be any conflict between the language of this Agreement and the Underlying Agreement (either previous or subsequent to the date of this Agreement), the language and provisions of this Agreement shall control and prevail unless the Parties specifically refer in a subsequent written agreement to this Agreement by its title and date and specifically state that the provisions of the later written agreement shall control over this Agreement.

# III. USE OR DISCLOSURE OF PHI BY BUSINESS ASSOCIATE.

- A. Except as otherwise limited in this Agreement, Business Associate may use or disclose Protected Health Information to perform functions, activities, or services for, or on behalf of, Covered Entity as specified in the Underlying Agreement, provided that such use or disclosure would not violate the Privacy Rule, if done by Covered Entity.
- B. Except as otherwise limited in this Agreement, Business Associate may use PHI for the proper management and administration of

Business Associate or to carry its legal responsibilities. Except as otherwise limited in this Agreement, Business Associate may disclose PHI for the proper management and administration of Business Associate, provided that disclosures are Required by Law, or Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and used or further disclosed only as Required by Law or for the purpose for which it was disclosed to the person, and the person notifies Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.

- c. Business Associate shall only use and disclose PHI if such use or disclosure complies with each applicable requirement of 45 CFR §164.504(e).
- D. Business Associate shall use reasonable efforts to limit uses, disclosures, and requests for PHI to the minimum necessary to accomplish the intended purposes of such use, disclosure or request, in accordance with the minimum necessary standards at 45 CFR § 164.502(b) and in any guidance issued by the Secretary.

# IV. DUTIES OF BUSINESS ASSOCIATE RELATIVE TO PHI.

- A. Business Associate shall not use or disclose PHI other than as permitted or required by this Agreement or as Required by Law.
- B. Business Associate shall be directly responsible for full compliance with the relevant requirements of the Privacy Rule to the same extent as Covered Entity.
- Business Associate shall comply with the applicable provisions of the Security Rule directing the implementation of Administrative, Physical and Technical Safeguards for Electronic Protected Health Information and the development and enforcement of related policies, procedures, and documentation standards (including but not limited to designation of a security official), and shall enter into written agreements with any Subcontractors that create, receive, maintain, or transmit Electronic Protected Health Information on behalf of Business Associate pursuant to which the Subcontractors shall agree to comply with the applicable requirements of the Security Rule. Business Associate shall implement safeguards and policies, procedures, and documentation consistent with the requirements of 45 C.F.R. §§ 164.306, 164.308, 164.310, 164.312, 164.314 and 164.316. Any hard drives on any computers or laptops that are used to access, receive, send, or maintain Covered Entities' Electronic Protected Health Information must be Encrypted and all communications must be Encrypted if sending Electronic Protected Health Information over an open network. Mobile

devices or external or removable media, including, without limitation backup tapes, used for sending, receiving, or storing Electronic Protected Health Information must be Encrypted and password protected.

- D. In the event of an unauthorized use or disclosure of PHI or a Breach of Unsecured PHI, Business Associate shall mitigate, to the extent practicable, any harmful effects of said disclosure that are known to it.
- E. Business Associate agrees to enter into a written agreement with any Subcontractor that creates, receives, maintains, or transmits PHI on behalf of Business Associate, which complies with the requirements of 45 C.F.R. § 164.504(e)(2) through (e)(4), and pursuant to which the Subcontractor agrees to the same restrictions and conditions that apply to Business Associate with respect to such PHI.
- To the extent applicable, Business Associate shall provide access to Protected Health Information in a Designated Record Set at reasonable times, at the request of Covered Entity or, as directed by Covered Entity, to an Individual (or Individual's designee) in order to meet the requirements under 45 CFR §164.524. Business Associate shall notify Covered Entity within five (5) days of receipt of any request for access by an Individual. Covered Entity shall determine whether to grant or deny any access requested by the Individual. The information shall be provided in the form or format requested, if it is readily producible in such form or format, or in summary, if the Individual has agreed in advance to accept the information in summary form. If the Individual requests an electronic copy of his or her PHI maintained in a Designated Record Set electronically, Business Associate shall provide the Individual (or Individual's designee) with access to the information in the electronic form and format requested by the Individual, if it is readily producible in such form or format, or, if not, in a machine readable electronic form and format agreed to by the Individual. No fee for copying or providing access to the PHI may be charged.
- behalf of Covered Entity, Business Associate shall amend the PHI maintained by Business Associate as directed by Covered Entity within five (5) days of such request. Business Associate shall notify Covered Entity within five (5) days of receipt of any request for amendment by an Individual. Covered Entity shall determine whether to grant or deny any access or amendment requested by the Individual. Business Associate shall have a process in place for requests for amendments and for appending such requests to the Designated Record Set, as requested by Covered Entity. No fee for copying or amending the PHI may be charged.
- H. Business Associate shall, upon request with reasonable notice and at no charge, provide Covered Entity access to its premises for

a review and demonstration of its internal practices and procedures for safeguarding PHI. The fact that Covered Entity inspects, or fails to inspect, or has the right to inspect, Business Associate's premises, systems, policies and procedures does not relieve Business Associate of its responsibility to comply with this Agreement, nor does Covered Entity's: (i) failure to detect or (ii) detection, but failure to notify Business Associate or require Business Associate's remediation of any unsatisfactory practices, constitute acceptance of such practice or a waiver of Covered Entity's enforcement rights under this Agreement.

- I. Business Associate agrees to document and make available such disclosures of PHI and information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 C.F.R. §164.528 and Section 13405(c) of the HITECH Act, and any implementing regulations. Should an Individual make a request to Covered Entity for an accounting of disclosures of his or her PHI pursuant to 45 C.F.R. §164.528, Business Associate agrees to promptly provide Covered Entity with information in a format and manner sufficient to respond to the Individual's request. No fee for providing the accounting of disclosures of PHI may be charged. This Section shall survive termination of the Agreement.
- If an Individual requests Business Associate to restrict the J. use or disclosure of PHI, Business Associate will forward the request to Covered Entity within five (5) days of Business Associate's receipt of the request. Covered Entity will be responsible for making all determinations regarding the grant or denial of a Individual's request for restrictions, and Business Associate will make no such determinations. Business Associate will restrict the use or disclosure of PHI consistent with Covered Entity's instructions, and shall further comply with any Individual's request for restrictions on PHI disclosures that Covered Entity or Business Associate is required by law to honor, including without limitation, requested restrictions on payment or health care operations-related disclosures to health plans when the Individual (or other person on behalf of the Individual) has paid the Individual's health care provider in full, unless otherwise required by law. No fee for providing the restriction of PHI may be charged.
- K. Business Associate shall make its internal practices, books, records, and any other material requested by the Secretary relating to the use, disclosure, and safeguarding of PHI received from, or created or received by Business Associate on behalf of, Covered Entity available to the Secretary for the purpose of determining compliance with the Privacy Rule. The aforementioned information shall be made available to the Secretary in the manner and place as designated by the Secretary or the Secretary's duly appointed delegate. Under this Agreement, Business

Associate shall comply and cooperate with any request for documents or other information from the Secretary directed to Covered Entity that seeks documents or other information held by Business Associate.

Notwithstanding this provision, no attorney-client, accountant-client or other legal privilege will be deemed waived by Business Associate or Covered Entity as a result of this Section. Except to the extent prohibited by law, Business Associate agrees to notify Covered Entity immediately upon receipt by Business Associate of any and all requests by or on behalf of any and all government authorities served upon Business Associate relating to this Section or Protected Health Information.

- L. Business Associate may use Protected Health Information to report violations of law to appropriate Federal and State authorities, consistent with 42 C.F.R. §164.502(j)(1).
- Health Information without the express prior written consent of the Covered Entity, and if such consent is given, Business Associate must comply with the requirements set forth at 45 C.F.R. § 164.514 for deidentifying PHI. Business Associate shall not sell any Protected Health Information without the express prior written consent of Covered Entity. Business Associate shall not transmit, to any Individual for whom Business Associate has Protected Health Information, any communication about a product or service that encourages the recipient of the communication to purchase or use that product or service in violation of any of the marketing prohibitions set forth in the HIPAA Law. Business Associate shall not use or disclose Protected Health Information for fundraising purposes as prohibited under the HIPAA Law.
- Covered Entity shall have the right, at its expense, during Business Associate's normal business hours, to evaluate, test, and review Business Associate's HIPAA-HITECH policies and procedures, facilities, books, records and systems which contain Covered Entity's PHI and EPHI in order to ensure compliance with the terms and conditions of this Agreement and the HIPAA Law. Covered Entity shall have the right to conduct such audit by use of its own employees or by use of outside consultants and auditors. Business Associate agrees to cooperate with Covered Entity, and to otherwise provide any reasonable assistance to Covered Entity necessary for Covered Entity to carry out any audit as permitted herein, at no additional cost to Covered Entity. Upon Covered Entities' written request, Business Associate agrees to provide an annual written attestation of its compliance to the HIPAA Law in the form and format requested by Covered Entity in order to obtain satisfactory assurances in accordance with the HIPAA Law that Business Associate will appropriately safeguard the information with which it is entrusted. Covered Entity shall protect the confidentiality of all confidential and proprietary information of Business Associate to which Covered Entity or

its agents have access during the course of such audit. The fact that Covered Entity inspects, or fails to inspect, or has the right to inspect, Business Associate's facilities, systems, books, records, agreements, policies and procedures does not relieve Business Associate of its responsibility to comply with this Agreement, nor does Covered Entity's (i) failure to detect or (ii) detection, but failure to notify Business Associate or require Business Associate's remediation of any unsatisfactory practices, constitute acceptance of such practice or a waiver of Covered Entity's enforcement rights under this Agreement. Notwithstanding the foregoing, Covered Entity assumes no obligation to perform any inspection or audit of Business Associate's practices or policies, and assumes no liability for any violation or breach caused by Business Associate, whether an audit is performed or not.

O. To the extent Business Associate is to carry out any covered entity obligation of Covered Entity under the Privacy Rule, Business Associate shall agree to comply with the same Privacy Rule requirements that apply to Covered Entity in the performance of such obligation.

#### V. REPORTING

Privacy Breach. Business Associate will report to Covered A. Entity any use or disclosure of Covered Entity's PHI that is not permitted by this Agreement or the Underlying Agreement within two (2) business days of discovery of the unauthorized use or disclosure. In addition, Business Associate will report to Covered Entity following discovery and without unreasonable delay, but in no event later than two (2) days following discovery of any suspected or actual Breach of Unsecured Protected Health Information or any actual or suspected disclosure or inappropriate access of Covered Entity's information which is subject to State Privacy and Security Laws. Business Associate shall cooperate with Covered Entity in investigating the potential or actual breach, disclosure or inappropriate access and in meeting Covered Entity's obligations under the HITECH Act and any other state or federal privacy or security breach notification laws, including, without limitation, assisting the Covered Entity with performing a risk assessment as set forth in 45 C.F.R. §164.402(2) and providing any information and documentation related to such risk assessment to the Covered Entity promptly upon request. Any such report shall contain at a minimum the information set forth on Exhibit A attached hereto and incorporated by reference. Since time is of the essence under the HITECH Act and State Privacy and Security Laws, in addition to providing the report in accordance with the notice provisions contained in Section X.B below, a copy of the report shall be faxed to the Privacy Officer at (615) 695-8426 or to such other person as Covered Entity shall request in writing of Business Associate. To the extent any Breach of Unsecured Protected Health Information or unauthorized acquisition or access to information subject to State Privacy and Security

Laws is attributable to either: (i) a breach of the obligations under this Agreement by Business Associate or (ii) a violation of the HIPAA Law or State Privacy and Security Laws by Business Associate, Business Associate shall bear (a) the costs incurred by Covered Entity in complying with its legal obligations relating to such breach or violation, and (b) in addition to other damages for which Business Associate may be liable for under this Agreement, the following expenses incurred by Covered Entity in responding to such breach: (1) the cost of preparing and distributing notifications to affected Individuals, (2) the cost of providing notice to government agencies, credit bureaus, and/or other required entities, (3) the cost of providing affected Individuals with credit monitoring services for a specific period not to exceed twenty-four (24) months, or longer if required by law, to the extent the incident could lead to a compromise of the data subject's credit or credit standing, (4) call center support for such affected Individuals for a specific period not to exceed thirty (30) days from the date the breach notification is sent to such affected Individuals and (5) the cost of any other measures required under applicable law.

B. Security Incident. Business Associate agrees to report to Covered Entity any Security Incident affecting Electronic Protected Health Information of Covered Entity within two (2) business days of becoming aware of the Security Incident. Business Associate shall mitigate, to the extent practicable, any harmful effect known to Business Associate of a Security Incident.

# VI. TERM AND TERMINATION.

- A. Term. The Term of this Agreement shall be effective as of the date the Underlying Agreement is effective (the "Effective Date"), and shall terminate when all of the Protected Health Information provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity, or, if it is infeasible to return or destroy the Protected Health Information, protections are extended to such information, in accordance with the termination provisions in this Section VI. Notwithstanding anything to the contrary contained in this Agreement, Business Associate shall not destroy any Protected Health Information without the prior written consent of Covered Entity.
- B. Termination for Cause. Upon Covered Entity's knowledge of a breach by Business Associate, Business Associate's violation of the HIPAA Laws or a Breach of Unsecured Protected Health Information by Business Associate or any Subcontractor of Business Associate, Covered Entity shall, within its sole discretion, either:
  - 1. Provide an opportunity for Business Associate to cure the breach or end the violation and, if Business Associate

does not cure the breach or end the violation within the time specified by Covered Entity, terminate this Agreement; or

2. Immediately terminate this Agreement.

#### c. Effect of Termination.

- Except as provided in paragraph C(2) of this 1. section, upon termination of this Agreement, for any reason, Business Associate shall return or destroy (at Covered Entity's sole discretion) all Protected Health Information received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity within five (5) days of the effective date of the termination. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of Business Associate. Business Associate shall not retain any copies of the Protected Health Information. Business Associate will be responsible for recovering any PHI from such agents or subcontractors at no cost to Covered Entity. Any information that is in electronic format shall be provided to Covered Entity at no additional charge. The format to be provided should be one that is commonly used for export (i.e. comma delimited, text file, Word, Excel or Access database) that is agreeable to Covered Entity.
- determines that returning or destroying the Protected Health Information is infeasible, Business Associate shall provide to Covered Entity written notification of the conditions that make return or destruction infeasible. If such written notification that return or destruction of Protected Health Information is infeasible and agreed to by Covered Entity, Business Associate shall extend the protections of this Agreement to such Protected Health Information and limit further uses and disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.
- 3. Should Business Associate make a disclosure of PHI in violation of this Agreement, Covered Entity shall have the right to immediately terminate any contract, other than this Agreement, then in force between the Parties, including the Underlying Agreement.

# VII. REMEDIES IN EVENT OF BREACH, DISCLAIMER AND INDEMNIFICATION.

A. Business Associate hereby recognizes that irreparable harm may result to Covered Entity, and to the business of Covered Entity, in the

event of breach by Business Associate of any of the covenants and assurances contained in this Agreement. As such, in the event of breach of any of the covenants and assurances contained in Sections III, IV or V above, Covered Entity shall be entitled to enjoin and restrain Business Associate from any continued violation of Sections III, IV or V.

- PHI IS PROVIDED TO BUSINESS ASSOCIATE SOLELY ON AN "AS IS" BASIS. COVERED ENTITY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, IMPLIED WARRANTIES OF MERCHANTABILITY, NON-INFRINGEMENT AND FITNESS FOR A PARTICULAR PURPOSE. As between Covered Entity and Business Associate, any PHI disclosed, delivered or provided to Business Associate in connection with the Agreement, shall be deemed to be the exclusive property of Covered Entity. In no event shall Business Associate or its subcontractors claim any rights with respect to such PHI. Without prior written consent from an authorized officer of Covered Entity, neither Business Associate nor its agents or subcontractors shall transfer or export any PHI provided by Covered Entity outside the United States or store any PHI provided by Covered Entity in a hosted/cloud computing environment. Additionally, Business Associate shall not use, authorize to use or disclose the PHI for the purpose of developing information or statistical compilations for use by third parties or other division or subsidiary of Business Associate or for any commercial exploitation.
- Business Associate will indemnify, defend and hold Covered Entity and its officers, directors, employees, agents, affiliates, successors and assigns harmless, from and against any and all losses, liabilities, damages, costs, penalties, fines and expenses (including reasonably attorneys' fees and costs) arising out of or related to either: (i) the Business Associate's breach of its obligations under this Agreement and/or (ii) any third-party claim based upon any breach of this Agreement, violation of HIPAA Laws or State Privacy and Security Laws by Business Associate or by its employees, agents or subcontractors ("Claim"). If Business Associate assumes the defense of a Claim, Covered Entity shall have the right, at its expense, to participate in the defense of such Claim, and Business Associate shall not take any final action with respect to such Claim without the prior written consent of Covered Entity. This Section shall survive termination of this Agreement and any Claim is without regard to any limitation or exclusion of damages or liability provisions otherwise set forth in the Agreement or the Underlying Agreement.
- **VIII. MODIFICATION.** This Agreement may only be modified through a writing signed by the Parties. The Parties agree to take such action as is necessary to amend this Agreement from time to time as is necessary for Covered Entity to comply with the requirements of the HIPAA Law.

- INTERPRETATION OF THIS CONTRACT IN RELATION TO OTHER CONTRACTS BETWEEN THE PARTIES. Should there be any conflict between the language of this contract and any other contract entered into between the Parties (either previous or subsequent to the date of this Agreement), the language and provisions of this Agreement shall control and prevail unless the Parties specifically refer in a subsequent written agreement to this Agreement by its title and date and specifically state that the provisions of the later written agreement shall control over this Agreement.
- X. COMPLIANCE WITH STATE LAW. Business Associate shall comply with State Privacy and Security Laws. If the HIPAA Law and the law of the State in which Covered Entity is located conflict regarding the degree of protection provided for Protected Health Information, Business Associate shall comply with the more restrictive protection requirement.

#### XI. MISCELLANEOUS.

- A. <u>Ambiguity</u>. Any ambiguity in this Agreement shall be resolved to permit Covered Entity to comply with the HIPAA Law.
- B. <u>Notice to Covered Entity</u>. Any notice required under this Agreement to be given Covered Entity shall be made in writing to Facility, with a copy to LifePoint Hospitals, 103 Powell Court, Brentwood, TN 37027, Attention: Compliance, Privacy Officer.
- c. <u>Notice to Business Associate</u>. Any notice required under this Agreement to be given Business Associate shall be made in writing to Contractor.

IN WITNESS WHEREOF and acknowledging acceptance and agreement of the foregoing, the Parties affix their signatures hereto.

COVERED ENTITY:	BUSINESS ASSOCIATE:			
Ву:	Ву:			
Name:	Name:			
	-			
Title:	Title:			
7				

# **EXHIBIT A1**

# FORM OF NOTIFICATION TO COVERED ENTITY OF BREACH OF UNSECURED PHI AND STATE LAW

Date completed:							
This notification is made pursuant to the Business Associate Agreement between (Covered Entity), and (Business Associate).  Business Associate hereby notifies Covered Entity that there has been an actual of potential breach of unsecured (unencrypted) protected health information (PHI) of information subject to State Privacy and Security Laws that Business Associate (or it agents or subcontractors) has used or has had access to under the terms of the Business Associate Agreement.							
							I. Characteristics of the Breach
							Date of the breach: Date the breach was discovered:
Description of the breach:							
How was the breach discovered?							
Number of individuals affected by the breach:							
Are over 500 individuals affected by the breach?							
Yes No							
Have you been able to identify all individuals affected by the breach?							
Yes No							

lf	yes,	for	how	many	of	the	affected	individuals	do	you	have	current	addresses!
÷													

Does the information disclosidentify, specific patients?	sed in the breach identify, or ca	n reasonably be used to
Yes No		
used to identify, specific patie	information does not identify, or cents:	- 32
Does the information disclosinformation that can be used reputational harm to the indiv	ed in the breach contain any sen d in a manner that would be adv	sitive information or other
Yes No		
If no, explain why the informathe individual:	ation cannot be used in an advers	se or harmful manner to
1		
Was all of the patient(s') info	ormation compromised or only por	tions?
Yes No		
If only portions of the information	ation, explain which portions of th	e information were
Indicate type of breach:		
Theft	Unauthorized Access	Unknown
Loss	Hacking/IT Incident	Other:
Improper Disposal	Phishing	
Location of breached inform	nation:	
Laptop	Portable Media/Device	Other:

Desktop Computer Email	EMR
Description of types of ur	nsecured PHI or other data involved in the breach:
Demographic (full or partial name)	Account number
:	
	Financial (billing Other: info, credit card # or check/bank account number)
Home address	Clinical (any mention of diagnosis, procedure, or treatment provided)
Are the patient(s) or the patie	ent(s') family members aware of the incident?
Yes No	
If yes, describe	
	1/2
II. Description of Safeguards	

Horizon - Amended Restated Svcs Amgt - LPNT rev 03 06 14 REDLINE (2)

Safeguards that were in place	e prior to the breach:	
Firewalls Packet Filtering Intrusion detection	Encrypted wireless Logic access control Anti-virus software (list product name):	Secure browser Biometrics Strong authentication
	Physical security:	_
U.S. Department of Health a	compliance with the encryption and Human Services Guidance S tender PHI Unusable, Unreada r Purposes of the Breach Notific ct?	pecifying the Technologies ble, or Indecipherable to
Yes No	ethod of encryption:	
If no, please identify any password	other methods of securing the protected	information (for example, file):
	r the PHI was actually acquired o	r viewed by the unintended
If yes, please explain how	w and provide any information ed whether it was e-mailed or s	regarding the information

who	viewed	the	information:
			The state of the s
the entity's er and opens an	h involve a good faith, uning mployee/workforce member a e-mail containing PHI about a bound of the misdirected e-mail,	? (For example, a bill ut a patient which a nu e notices that he is not	rse mistakenly sent to
Yes No	_		
If yes, please	explain:		
entity or Organization example – A participating	h involve an inadvertent dis anized Health Care Arrang physician who has authority in an organized health ca nurse or billing employee at	ement in which the en to use or disclose PHI a re arrangement with th	itity participates? (For at a hospital by virtue of
Yes No _	_		
If yes, please	explain:		
remembered	ach involve a recipient v the data? (For example – sends a number of exp A few of the EOBs are	A covered entity, due lanations of benefits	to a lack of reasonable (EOBs) to the wrong
Yes No _			
lf	yes,	please	explain
,	4		16

Was the unauthorized person who received the PHI or to whom the disclosure was made covered by HIPAA and/or a licensed healthcare provider?
Yes No
If yes, please identify the licensed healthcare provider, the type of license and any state confidentiality regulations which require the licensed provider to maintain the confidentiality of the information:
Can any of the information be used by an unauthorized recipient to further the recipient's own interests?
Yes No
If no, explain why none of the information cannot be used by an unauthorized recipient to further the recipient's own interests?
IV. Addressing the Breach
Description of what Business Associate is doing to investigate the breach:
Has law enforcement been notified?:
Yes No
If so, describe

Did law enforcement ask for patient notification delay (based on hindering an investigation or causing harm to national security)
Yes No
If yes, please provide documentation of the police request and deadline for notifications:
Was satisfactory assurance obtained from the recipient of PHI indicating that PHI will not be further used or disclosed?
Yes No
If yes, please attach and explain:
Has the information been returned or properly destroyed? (If destroyed – need to obtain satisfactory assurance that the information was destroyed.)  Yes No
If yes, please attach the assurances and explain the circumstances:
Description of what Business Associate is doing to mitigate harm to the individual(s):
Description of what Business Associate is doing to protect against any further breaches

# 

Contact information to ask questions and obtain additional information:



### NOTE ON CURRENT OWNERSHIP OF WOODS MEMORIAL HOSPITAL PROPERTY

Woods Memorial Hospital, LLC, a Delaware entity, and Athens Regional Medical Center, LLC, a Delaware entity, are both existing, wholly-owned subsidiaries of LifePoint Holdings 2, LLC. Both are active entities in Tennessee.

However, Athens Regional Medical Center, LLC, the applicant for this Certificate of Need, now owns the Etowah facility and operations following acquisition transactions in CY2013. That is reflected in the current licensure document for the Etowah facility. Woods Memorial Hospital, LLC is not involved in this CON application in any way.

Woods Memorial Hospital, LLC distributed all of its assets up to its parent, LifePoint Holdings 2, and then LifePoint Holdings 2 contributed those assets back down to its subsidiary, Athens Regional Medical Center, LLC. Two of many legal documents implementing this transaction are provided following this page, in documentation of the basic transfers of assets described above.

Cheryl Ingram, Register

McMinn County Instrument #: 151337 Rec #: 151337 Recorded 20.00 Rec'd: 7/5/2012 at 10:18 AM 29600.00 State: in Warranty Deed Book 1.00 Clerk: 2.00 Other: Pgs 246-249

FROM: Doctors' Hospital of McMinn County, LLC

Woods Memorial Hospital, LLC TO:

Send Tax Bills To: Address New Owner as Follows:

Map-Parcel No.

29623.00

Woods Memorial Hospital, LLC c/o Lifepoint Hospitals, Inc. 103 Powell Court, Suite 200 Brentwood, TN 37027

SAME Map 107B Group C

Total:

Parcel 001.00

THIS INSTRUMENT PREPARED BY: Elizabeth C. Sauer, Esq., Waller Lansden Dortch & Davis, LLP, 511 Union Street, Suite 2700, Nashville, Tennessee 37219-1760 STATE OF TENNESSEE )

COUNTY OF WILLIAMSON)

The actual consideration or value, whichever is greater, for this transfer is

Subscribed and sworn to before me, this the

My Comm. Expires: 4-21-2013

SPECIAL WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS, that for and a consideration of the sum of TEN DOLLARS (\$10.00) cash in hand paid, and other good and valuable consideration, the receipt of which is hereby acknowledged, DOCTORS' HOUSE TALL OF WEMINN COUNTY, LLC, a Tennessee limited liability company ("Grantor"), he and sold, and by these presents does transfer and convey unto WOODS MEMORIAL HOSPITAL, LLC, a Delaware limited liability company ("Grantee"), the successors and assigns of Grantee, certain tracts or parcels of land in McMinn County, Tennessee, described on Exhibit A attached hereto and incorporated herein, together with (i) all and singular, all of Grantor's right, title and interest in and to all rights, benefits, privileges, easements, tenements, and appurtenances thereon and pertaining thereto, including all of Grantor's right, title and interest in and to any adjacent streets, roads, alleys, easements and rightsof-way, (ii) all of Grantor's right, title and interest in and to any and all improvements and buildings located on the real property, and (iii) all of Grantor's right, title and interest in and to any and all fixtures affixed or attached to, or situated upon, or acquired or used in connection therewith (the real property, together with the rights, appurtenances and interests, improvements, buildings, and fixtures being collectively called the "Property"),

> **Property Transfer Noted** Date 4-5-12 No. 129

Tax 1.004 104.80

McMinn County Property Assessor

8897281 '

subject to, however, those exceptions and encumbrances set forth on Exhibit B attached hereto (the exceptions and encumbrances being called the "Permitted Exceptions").

This is improved property known as 886 Highway 411 North, Etowah, Tennessee.

TO HAVE AND TO HOLD the Property together with (i) full substitution in and subrogation to all rights and actions of warranty, if any, against all preceding owners and vendors and (ii) all appurtenances and hereditaments thereunto belonging or in any wise appertaining to Grantee, the heirs, representatives, successors and assigns of Grantee, forever.

Grantor further covenants and binds itself, its representatives, successors and assigns to warrant and forever defend the title to the Property to Grantee, the heirs, representatives, successors and assigns of Grantee, against the lawful claims of all persons whomsoever claiming by, through or under Grantor (other than claims arising out of the Permitted Exceptions), but not further or otherwise. All exhibits referred to herein are attached hereto and incorporated herein by reference. Wherever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

IN WITNESS WHEREOF, this instrument has been executed this 29th day of 2012, to be effective July 1, 2012.

DOCTORS' HOSPITAL OF MCMINN COUNTY, LLC, a Tennessee limited liability company Title: STATE OF TENNESSEE COUNTY OF KNOX

Before me, a Notary Public in and for said State and County, duly commissioned and qualified, personally appeared Stephen Clapp \_\_\_\_\_, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be the President \_\_\_\_\_ of Doctor's Hospital of McMinn County, LLC, the within named bargainor, a Tennessee limited liability company, and that he executed the foregoing instrument for the purposes therein contained, by signing the name of the limited liability company by himself as Wron' Aust

Witness my hand, at office, this 29th

My Commission Expires: Nounty 4

#### EXHIBIT A

#### **Legal Description**

Situated in District No. 1 of McMinn County, Tennessee and North of the City of Etowah and being more particularly described as follows:

BEGINNING at an iron pin on the Northern Right of Way line of Grady Road and running with said right of way for three courses to wit: (1) North 88 degrees 31 minutes 37 seconds West for a distance of 519.55 feet; (2) along the arc of a curve to the right having a radius of 221.16 feet, and arc length of 278.62 feet (chord bearing and distance North 48 degrees 03 minutes 09 seconds West, 260.55 feet) to a point; (3) North 11 degrees 18 minutes 48 seconds West for a distance of 397.41 feet to an iron pin; thence leaving said right of way and running with the common boundary line of now or formerly DHMC Real Estate South 89 degrees 59 minutes 58 seconds East for a distance of 470.29 feet to an iron pin; thence with the common boundary lines of Lot 43 as recorded in Plat Book 2, page 6 for two courses to wit: (1) South 00 degrees 00 minutes 14 seconds West for a distance of 50.00 feet to an iron pin; (2) South 87 degrees 15 minutes 29 seconds East for a distance of 422.28 feet to an iron pin on the Western Right of Way line of U.S. Highway 411; Thence running with said right of way South 00 degrees 00 minutes 00 seconds East for a distance of 339.00 feet to an iron pin; thence leaving said right of way and running with Tract two for two courses to wit: (1) South 90 degrees 00 minutes 00 seconds West for a distance of 92.13 feet to an iron pin; (2) South 03 degrees 00 minutes 32 seconds West for a distance of 168.24 feet to the Point and place of beginning.

Property contains 9.82 acres more or less.

#### EXHIBIT B

#### **Permitted Exceptions**

- 1. 2012 McMinn County and Etowah City taxes, a lien not yet due and payable.
- 2. Easement granted to BellSouth Telecommunications, Inc. of record in Warranty Deed Book 12-X, page 44, Register's Office for McMinn County, Tennessee.
- 3. Driveway Easement contained in the deed of record in Warranty Deed Book 5-P, page 387, said Register's Office.
- 4. Abandonment of 30-foot driveway easement of record in Warranty Deed Book 6-C, page 163, said Register's Office.
- 5. Driveway Easement of record in Warranty Deed Book 5-U, page 373, said Register's Office.
- 6. Driveway Easement of record in Warranty Deed Book 8-D, page 55, said Register's Office.
- 7. Easement contained in the deed of record in Warranty Deed Book 10-G, page 152, said Register's Office.
- 8. All matters shown on the plat of record in Plat Book 2, page 6, said Register's Office.
- 9. All matters shown on the plan of record in Plat Book 3, page 67, said Register's Office.

#### BILL OF SALE AND ASSIGNMENT

THIS BILL OF SALE AND ASSIGNMENT (this "Bill of Sale") is entered into and effective as of 12:01 a.m., December 1, 2013, by and between LifePoint Holdings 2, LLC, a Delaware limited liability company ("Parent") and Woods Memorial Hospital, LLC, a Delaware limited liability company ("Subsidiary").

#### WITNESSETH:

WHEREAS, Parent is sole member of Subsidiary;

WHEREAS, Subsidiary owns and operates Woods Memorial Hospital (the "Facility");

WHEREAS, Subsidiary desires to transfer, assign, convey and deliver to Parent all of Subsidiary's rights, benefits, title and interests in, to all of the assets of every description, whether real, personal or mixed, whether tangible and intangible, owned or leased, and located at or held or used in connection with the business or operations of the Facility (the "Assets"), including all of the contracts to which Subsidiary is a party (the "Assumed Contracts") and all of the real property (the "Real Property") owned by Subsidiary and used in connection with the business or the operation of the Facility; and

WHEREAS, in connection with the distribution, Subsidiary desires to assign and Parent desires to assume the obligations of Subsidiary under the Assumed Contracts and the liabilities reflected on the Subsidiary's balance sheet dated November 30, 2013 (the "Assumed Liabilities").

NOW, THEREFORE, for and in consideration of the premises, and the agreements and covenants hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy all of which are forever acknowledged and confessed, the parties hereby agree as follows:

- 1. Conveyance. Subsidiary does hereby irrevocably and unconditionally contribute, assign, transfer, convey and deliver to Parent, its successors and assigns forever, all right, title and interest in and to the Assets (other than the Assumed Contracts and the Real Property) (the "Transferred Assets"), free and clear of all liens, pledges, claims, charges, security interests or other encumbrances other than the Assumed Liabilities to have and to hold the same and each and all thereof unto Parent, its successors and assigns forever, to its and their own use and benefit forever.
- Consents of Other Persons. If the conveyance, assignment, or transfer to Parent of any right, title or interest of the Subsidiary in or to any of the Transferred Assets would conflict with or result in a material violation or default or loss of any material benefit under or in respect to any of the Transferred Assets ("Transfer Restriction"), then (i) this Bill of Sale shall not constitute a conveyance of such Transferred Assets, and (ii) the provisions of Section 3 of this Bill of Sale shall not apply to such Transferred Assets. Notwithstanding the foregoing provisions of this Section 2, the Subsidiary and Parent will take such reasonable actions as may be necessary to prevent, cure or waive such Transfer Restriction with respect to such Transferred Assets and, until such time that such Transfer Restriction is so prevented, removed, cured or waived, such Transferred Assets shall be retained by the Subsidiary.
- 3. Additional Instruments of Conveyance. The Subsidiary hereby agrees to execute and deliver to Parent all additional instruments of conveyance that may be necessary or advisable more fully to vest in Parent all right, title and interest of the Subsidiary in and to the Transferred Assets.

- 4. <u>Agreement for the Benefit of the Parties</u>. Nothing in this Bill of Sale is intended to confer upon any person, other than the parties hereto and their respective successors and assigns, any right or remedy.
- 5. <u>Governing Law</u>. This Bill of Sale shall be governed by, and construed and enforced in accordance with, the laws of the State of Tennessee without regard to principles or conflict of laws.

[Signature page follows.]

IN WITNESS WHEREOF, the parties have caused this Bill of Sale to be executed by their authorized officers, all as of the date and year first above written.

P	ar	en	t:

LifePoint Holdings 2, LLC

Name: Christophel J. Mark
Title: Vice President

#### Subsidiary:

Woods Memorial Hospital, LLC

Name: Christophe J. Monte

Title: Vice President

#### ASSIGNMENT AND UNDERTAKING AGREEMENT

THIS ASSIGNMENT AND UNDERTAKING AGREEMENT (this "Assignment") is made and entered into as of the 1st day of December, 2013, by and between LifePoint Holdings 2, LLC, a Delaware limited liability company ("Assignor") and Athens Regional Medical Center, LLC, a Delaware limited liability company ("Assignee"). This Assignment is being delivered pursuant to that certain action by written consent whereby Assignor will contribute to Assignee the contracts (the "Assumed Contracts") used in connection with the business or operations of Woods Memorial Hospital.

For good and valuable consideration, the receipt and sufficiency of which are acknowledged, (i) Assignor hereby assigns, transfers and conveys to Assignee (A) the Assumed Contracts and the obligations of the Assignor under the Assumed Contracts and (B) the liabilities reflected on the Woods Memorial Hospital, LLC's balance sheet dated November 30, 2013 (the "Assumed Liabilities"); and (ii) Assignee assumes and agrees to pay, perform and/or discharge in accordance with their terms the liabilities and obligations of Assignor arising under the Assumed Contracts following the date hereof and the Assumed Liabilities. The parties acknowledge and agree that except as and to the extent provided in the preceding sentence, Assignee is not assuming, nor under any circumstances shall Assignee be obligated to pay, perform and/or discharge, or otherwise have any obligation or liability under any other lease, contract, agreement, indebtedness or obligation of Assignor; and any and all other liabilities and obligations of Assignor (whether by lease, contract, agreement or otherwise) are specifically excluded and excepted from the liabilities and obligations assumed by Assignee hereunder.

Assignor and Assignee each agree to execute such other documents and take such other actions as may be reasonably necessary or desirable to confirm or effectuate the assignments and assumptions contemplated hereby.

This Assignment shall inure to the benefit of and be binding upon Assignee, Assignor, and their respective legal representatives, successors and assigns. The sole purpose of this Assignment is to relieve Assignor of certain liabilities and obligations and not to create third party beneficiary rights. Therefore, this Assignment is not for the benefit of any third party, and may be modified by a writing signed by Assignee and Assignor without the consent of any third party.

Anything contained herein to the contrary notwithstanding, this Assignment shall not constitute an agreement to assign any claim, right, contract, license, lease, commitment, sales order or purchase order if an attempted assignment thereof without the consent of another party thereto would constitute a breach thereof or in any material way affect the rights of Assignor thereunder, unless such consent is obtained. If such consent is not obtained, or if an attempted assignment would be ineffective or would materially affect Assignor's rights thereunder so that the Assignee would not in fact receive all such rights, Assignor shall cooperate in any reasonable arrangement designed to provide the Assignee the benefit under any such claims, rights, contracts, licenses, leases, commitments, sales orders or purchase orders, including without limitation, enforcement, at no out-of-pocket cost to Assignee, of any and all rights of Assignor against the other party or parties thereto arising out of the breach or cancellation by such other party or otherwise.

IN WITNESS WHEREOF, Assignee and Assignor have executed this Assignment effective as of the date first written above.

#### Assignee:

Athens Regional Medical Center, LLC

Name: Charlesher J. Moste
Title: Vice President

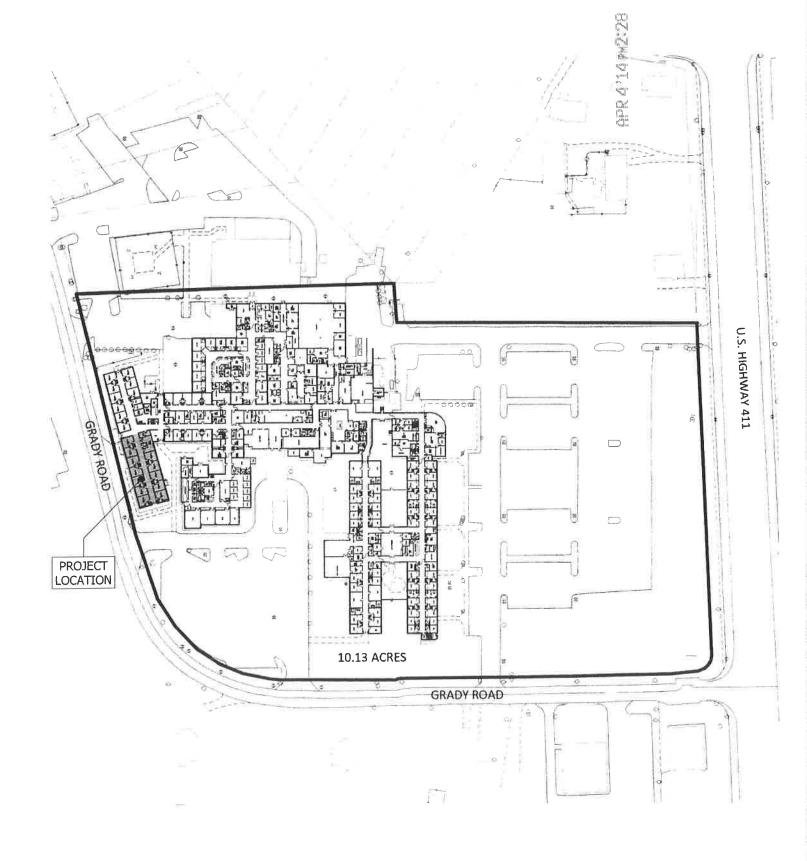
**Assignor:** 

LifePoint Holdings 2, LLC

By: Christopher J. Monte

Title: Vice President



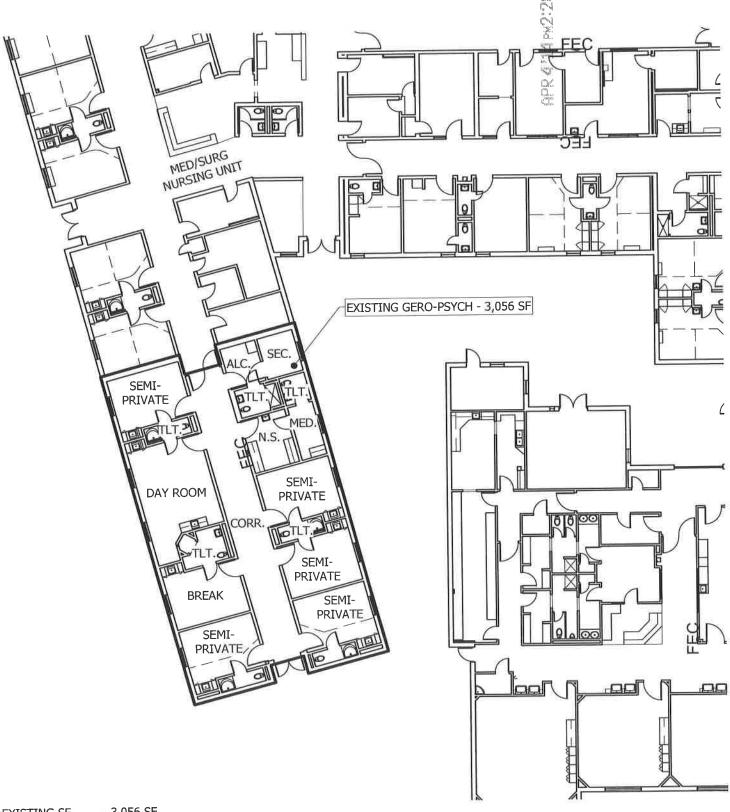


GERO-PSYCH EXPANSION for STARR REGIONAL MEDICAL CENTER - ETOWAH SITE PLAN 10.13 ACRES

ETOWAH, TENNESSEE
MARCH 10, 2014 - NOT FOR CONSTRUCTION
HINSON MILLER KICKIRILLO ARCHITECTS, PLLC

NOT TO SCALE

**B.IV.--Floor Plan** 

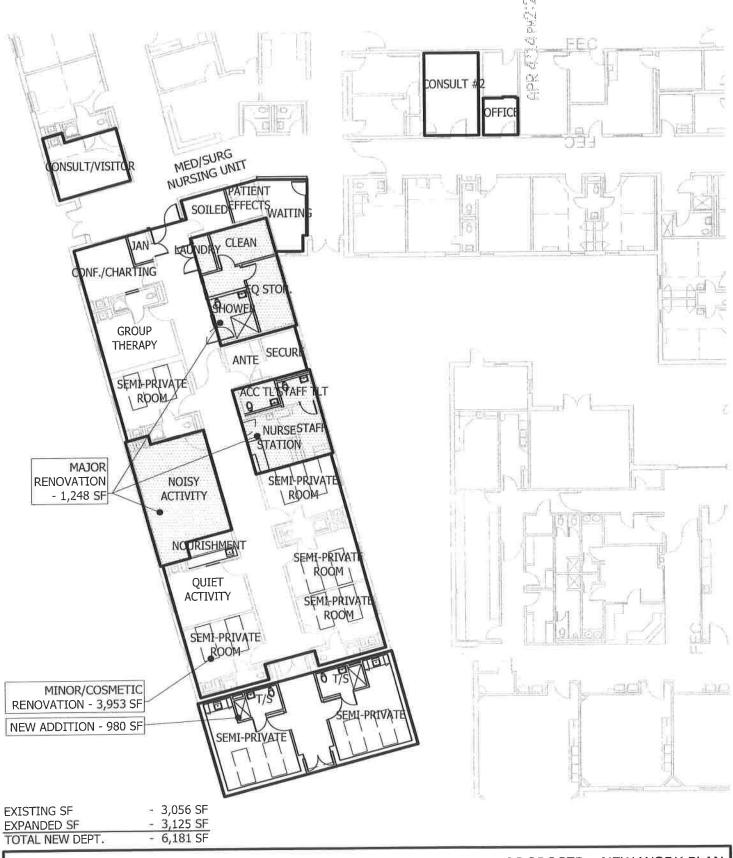


- 3,056 SF **EXISTING SF** 

### GERO-PSYCH EXPANSION for STARR REGIONAL MEDICAL CENTER - ETOWAH

**EXISTING FLOOR PLAN** 10 BEDS

ETOWAH, TENNESSEE MARCH 10, 2014 - NOT FOR CONSTRUCTION HINSON MILLER KICKIRILLO ARCHITECTS, PLLC



## GERO-PSYCH EXPANSION for STARR REGIONAL MEDICAL CENTER - ETOWAH

PROPOSED - NEW WORK PLAN 14 BEDS

ETOWAH, TENNESSEE
MARCH 10, 2014 - NOT FOR CONSTRUCTION
HINSON MILLER KICKIRILLO ARCHITECTS, PLLC

C, Need--1.A.3.e.
Letters of Intent & Qualifications
Facility Protocols and Procedures



www.StarrRegional.com

January 21, 2014

To Whom It May Concern:

I would like to express my support for the expansion of the Senior Care Unit at Starr Regional Hospital to 14 beds. There is a large catchment area for the unit, since we serve patients from Chattanooga to Knoxville. We have had many times in the past year that patients were turned away or their admissions were delayed due to no bed availability at the time. Thank you for your consideration in this matter.

Sincerely,

J. Glynn Newman, Jr., M.D.

Medical Director, Senior Care Unit

#### J. Glynn Newman, Jr., M.D.

Diplomate, American Board of Psychiatry and Neurology Board Certified in General Psychiatry and Forensic Psychiatry 2150 North Ocoee Street Suite 1 Cleveland, TN 37311 (423) 614-0122

#### **CURRICULUM VITAE**

**Employment:** 

Director of Psychiatric Services Bradley Healthcare and Rehab Center January 2006 to present

President Cleveland Psychiatric Center, P.C. June 2005 to present

Psychiatry Clerkship Director University of Florida College of Medicine March 2004 to April 2005

Assistant Medical Director Shands at Vista July 2001 to June 2005

Director of Outpatient Services Shands at Vista October 2001 to June 2005

Assistant Professor University of Florida Department of Psychiatry October 2001 to June 2005

Clinical Instructor
University of Florida Department of Psychiatry
July 2000 to October 2001

#### **Education:**

University of Florida Forensic Psychiatry Fellowship (one-half time) June 2002

University of Florida Psychiatry Residency June 2000 University of Tennessee College of Medicine Doctor of Medicine June 1996

Union University Bachelor of Science in Chemistry, *cum laude* June 1992

#### Licensure and Board Certification:

Diplomate in Forensic Psychiatry, American Board of Psychiatry and Neurology #1433
2003

Diplomate in Psychiatry, American Board of Psychiatry and Neurology #51048 2002

Tennessee Medical License 40005 2005

Florida Medical License ME0076666 1998

Drug Enforcement Agency #BN6057384 1998

#### Committees:

University of Florida College of Medicine Academic Status Committee 2004-2005
Pharmacy and Therapeutics Committee 2003-2004
Graduate Education Committee 1996-2000
Record Compliance Committee 1999-2000
Residency Applicant Search Committee 1999-2000

#### **Awards:**

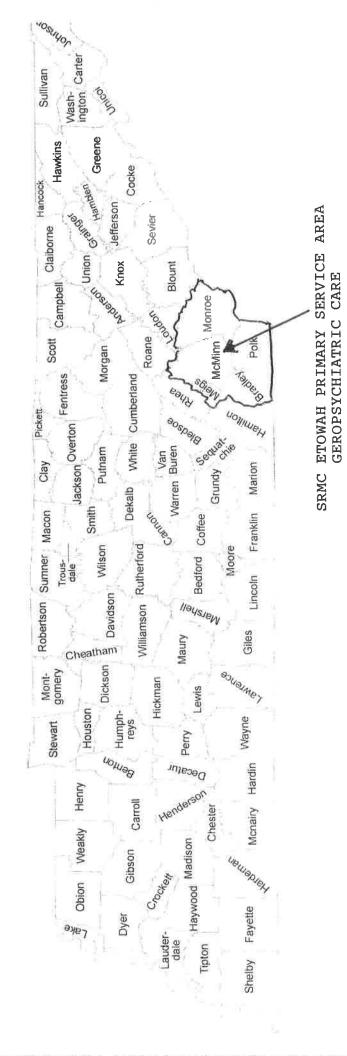
Medical Student Educator Award 2003
Chief Resident in Psychiatry 1999-2000
Outstanding Resident of the Year 1999-2000
Psychiatry Resident Award of Excellence 2000
Career Directions Recipient 1999

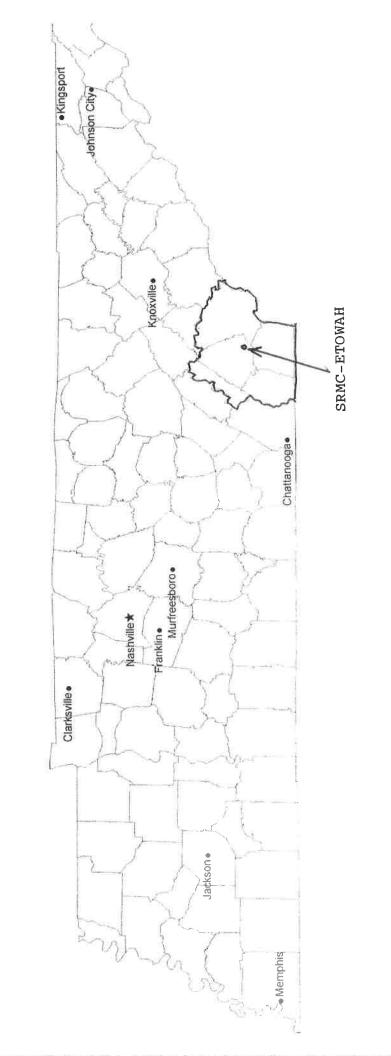
#### **Publications and Presentations:**

Co-Presenter, University of Florida Department of Psychiatry Grand Rounds, March 27, 2001 "History of the Insanity Defense"

Presenter, Florida Forensic Training Workshop, October 9, 2003 "Writing a Forensic Report"

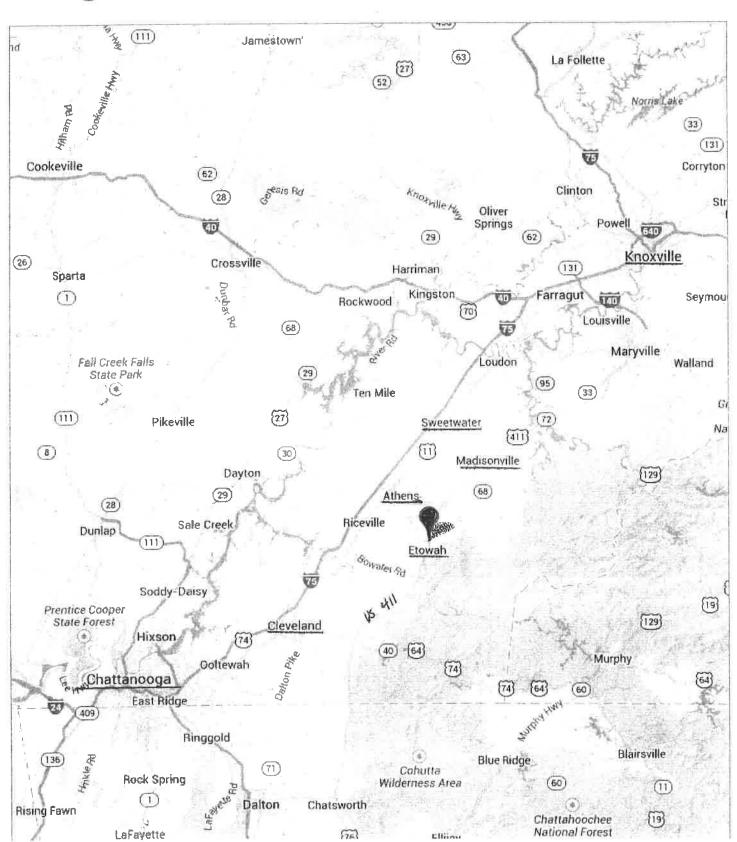
C, Need--3 Service Area Maps





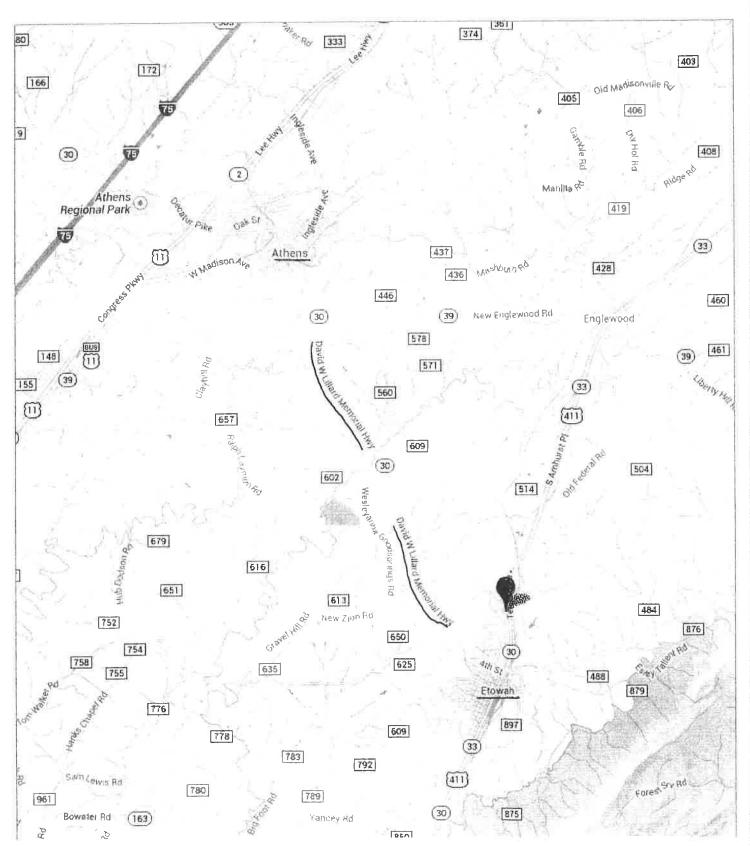
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## Google



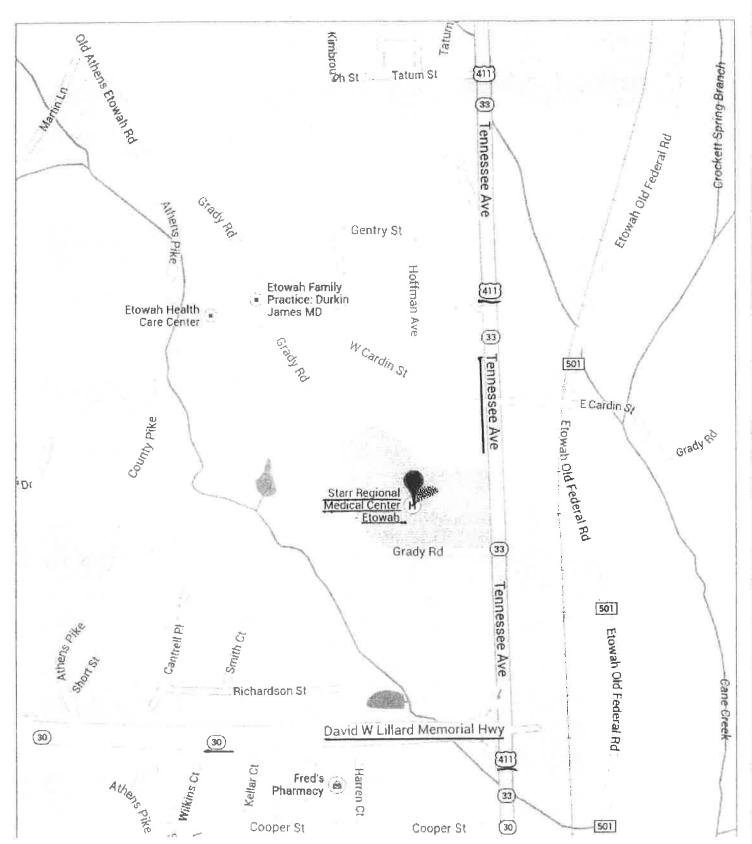
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# C, Economic Feasibility--1 Documentation of Construction Cost Estimate



HINSON MILLER KICKIRILLO

ARCHITECTS PLLC

March 12, 2014

Ms. Melanie Hill **Executive Director** State of Tennessee Health Services and Development Agency 500 Deadrick Street, Suite 850 Nashville, TN 37243

RE:

Starr Regional Medical Center - Etowah, TN

Geriatric-Psychiatric Unit Expansion – Verification of Construction Cost

Dear Ms. Hill:

We have reviewed the construction cost developed for the Geriatric-Psychiatric Unit bed expansion at Starr Regional Medical Center. The construction cost of \$825,000.00 is based on 5,201 square feet of renovation to the existing facility, and 980 square feet of building addition which will increase the unit's bed total from 10 to 14.

It is our professional opinion that the construction cost proposed which equates to \$133.47 per square foot is consistent with historical data based on our experience with similar type projects. It is important to note, that our opinion is based on normal market conditions, price escalation, etc.

The project will be developed under the current codes and standards enforced by the State of Tennessee as follows:

2006 International Building Code/2006 International Mechanical Code/2006 International Plumbing Code

2006 International Gas Code

2005 National Electrical Code

2006 NFPA 1, excluding NFPA 5000

2006 NFPA 101, Life Safety Code

2010 FGI Guidelines for the Design and Construction of Health Care Facilities

2002 North Carolina Accessibility Code with 2004 Amendments/2010 Americans with Disabilities Act (ADA)

Sincerely,

HINSON MILLER KICKIRILLO ARCHITECTS PLLC

# C, Economic Feasibility--2 Documentation of Availability of Funding



April 1, 2014

Melanie M. Hill, Executive Director Tennessee Health Services and Development Agency Andrew Jackson State Office Building, Suite 850 500 Deaderick Street Nashville, Tennessee 37243

RE: Starr Regional Medical Center CON Application for Four Geropsychiatric Beds

Dear Mrs. Hill:

Starr Regional Medical Center--Etowah is applying for a Certificate of Need to add four geropsychiatric beds in two phases over the next two years.

As President of LifePoint's Easter Group, the group to which this facility belongs, I am writing to confirm LifePoint Hospitals, Inc. will provide the approximately \$1,283,000 required to implement this project. LifePoint's financial statements are provided in the application.

Sincerely,

Jeff Seraphine

President, Eastern Group

## C, Economic Feasibility--10 Financial Statements

# INCOME STATEMENT

F0546011 - STARR REG-CONS HOS OPS

COUSOLIDATED CAMPUSES LPNT GROUP OPERATIONS EASTERN GROUP TENNESSEE MARKET

	:	CURREN	CURRENT MONTH	I		MED/SURG			YEA	YEAR-TO-DATE	ш		
ACTUAL	BUDGET	SDollar F	PCT% LAST YEAR	T YEAR	SDollar	PCT% December 2013	ACTUAL	BUDGET	SDollar	PCT%	LAST YEAR	SDollar	PCT%
						Revenues							
2,178,563	2,398,289	(219,726)	-9.16%	2,055,039	123,524		26,778,568	28,618,269	(1,839,701)	-6.43%	16,867,452	9,911,116 6,640,328	58.76% 12.60%
5,328,792	5,494,058	(165,266)	-3.01%	5,135,652	193,140	3.76% IP ANCILLARY 4.40% GROSS IP REV	39,339,022	94,955,435	(8.837.045)	-9.31%	69,566,946	16,551,444	23.79%
7,507,355	7,892,347	(384,992)	3.98%	13.752.985	1.315,557		180,271,920	176,527,972	3,743,948	2.12%	143,650,502	36,621,418	25.49%
22,575,897	22,384,150	191,747	0.86%	20,943,676	1,632,221		266,390,310	271,483,407	(5,093,097)	-1.88%	213,217,448	53,172,862	24.94%
45,511	32,606	12,905	39.58%	17,756	27,755	156.31% OTHER OPER INCOME	327,086	393,272	(66,186)	-16.83%	265,191 213 482 639	61,895	23.34%
22,621,408	22,416,756	204,652	0.91%	20,961,432	1,659,976	7.92% GROSS REVENUE  Deductions	066,111,002	610'010'117	(2, 103, 203)	200	2001		
244	0 164 000	174 446	7007 6	5 179 630	855 814	15.62% MEDICARE CURRENT YR	71.946.057	74.490,665	(2,544,608)	-3.42%	54,859,999	17,086,058	31,14%
6,335,444	6,164,028	62 033	20 04%	7,47,9,030	(78.839)		(2.933.028)	(3,658,604)	725,576	-19.83%	(2,457,219)	(475,809)	19.36%
(241,351)	(305,284)	(8.575)	-20.34 % -4 61%	(102,312)	58.444		1,634,832	2,103,098	(468,266)	-22.27%	1,825,987		-10.47%
7.560	16,50	7.560	0.00%	29,588	(22,028)		(106,695)	0	(106,695)	%00'0	128,085	_	-183.30%
7,356,130	7,772,785	(416,655)	-5.36%	7,664,129	(307,999)		94,562,160	93,879,827	682,333	0.73%	78,321,606	16,240,554	20.74%
147,190	113.365	33.825	29.84%	89,186	58,004	65.04% CHARITY DISCOUNTS	1,385,332	1,382,994	2,338	0.17%	1,117,653	267,679	23.95%
1.594,435	1,459,784	134,651	9.22%	1,201,884	392,551	32.66% OTHER DEDUCTIONS	17,015,188	17,767,237	(752,049)	4.23%	11,760,866	5,254,322	44.68%
1,328,645	1,027,466	301,179	29.31%	722,392	606,253		14,838,336	12,459,061	2,379,275	19.10%	9,952,091	4,886,245	27.54%
16,705,452	16,418,118	287,334	1.75%	15,143,252	1,562,200	10.32% TOTAL DEDUCTIONS	198,342,182 68 375 214	198,424,278 73,452,401	(82,096)	-6.91%	57.973.571	10,401,643	17.94%
5,915,956	5,998,638	(82,682)	-1.38%	5,818,180	0//'/6	Operating Expenses	5000	0,10	(10.11.10.10)				
2.012.690	2.118.324	(105,634)	4.99%	2,212,646	(199,956)	0)	25,330,420	25,556,260	(225,840)	-0.88%	19,451,060	5,879,360	30.23%
0	8,297	(8,297)	-100.00%	9,031			33,972	96,296	(62,324)	-64.72%	62,916	(28,944)	46.00%
413,785	472,112	(58,327)	-12.35%	388,894	24,891		5,574,694	5,760,747	(186,053)	-3.23%	4,797,004	069'777	11 97%
582,155	857,543	(275,388)	-32.11%	846,436	(264,281)		9,338,662	10,409,953	(1,071,291)	-10.29% 0.25%	8,347,976 1846,753	1 058 384	57.31%
270,232	207,024	63,208	30.53%	291,583	(21,351)		2,905,137	2,683,667	(1 234 150)	0.52%	3,046,735	1.050,504	40.84%
367,082	522,493	(155,411)	-29.74%	272,458	94,624	34.73% CONTRACT SERVICES	4,356,065	3,392,224	(1,234,139)	0.68%	1,721,629	(7.012)	-0.41%
180,143	142,676	37,467	26.26%	1/8,215	7,928	1.08% REPAIRS & MAINTENANCE 24 83% RENTS & LEASES	326.583	409,908	(83,325)	-20.33%	251,909	74,674	29.64%
29,412	33,780	(4,374)		140 286	(14.554)		1,474,973	1,540,891	(65,918)	-4.28%	1,182,309	292,664	24.75%
33,393	45 174	(11.781)	-26.08%	18,877	14,516		469,506	540,103	(70,597)	-13.07%	381,953	87,553	22.92%
0	0	0	0.00%	0	0		0	0	0	0.00%	0	0	0.00%
364,996	370,542	(5,546)	-1.50%	361,352			4,393,462	4,446,504	(53,042)	-1.19%	3,400,087	921,373	447 579/
(1,312,794)	56,398	(1,369,192) -2427.73%	-2427.73%	(36,480)			(1,505,512)	(307,652)	(1,197,860)	389.36%	(691,974)	(813,339)	23.92%
3,066,826	4,959,628	(1,892,802)	-38.16%	4,706,859	(1,640,033)	-34.84% TOTAL OPER EXP 156.37% EBDITA	13,960,635	15,020,393	(1,059,758)	%90°2-	14,061,611	(100,976)	-0.72%
2,043,130	0,000,1	2	0/ 37:-										
286,701	271,236	15,465		281,702	4,999	1.77% DEPRECIATION	4,087,664	3,254,832	832,832	25.59%	2,817,019	1,270,645	45.11%
30,000	0	30,000		30'000	0 0		360,000	0 0	360,000	0.00%	000,001	000,001	0.00%
0 1 000	0	0 0 17	0.00%	004 222	17 442	0.00% OTHER NON OPER EAF	4 610 371	4.601.292	620'6	0.20%	4,289,266	321,105	7.49%
398,75	383,441	15,334	0.00%	245.750	21.862		2,851,344	2,851,344	0	0.00%	2,213,400	637,944	28.82%
0	0	0	0.00%	0	0		0	0	0	0.00%	0	0	%00.0
953,088	892,289	60,799	6.81%	908,785	44,303	4.87% TOT CAPITAL/OTHER	11,909,379	10,707,468	1,201,911	11.22%	9,499,685	2,409,694	25.37%
1,896,042	146,721	1,749,321	1192.28%	202,536	1,693,506	836.15% PRE TAX INCOME  Taxes on Income	2,051,256	4,312,925	(2,261,669)	-52.44%	4,561,926	(0,70,10,c,2)	-55.04%
		•	0	(	•	_	_	c	C	%00.0	0	0	0.00%
0 0	0 0	0 0	0.00%	0	o c	0.00% FED INCOME TAXES 0.00% STATE INCOME TAXES	0	0	0	0.00%	0	0	%00.0
				0	0	0.00% TOTAL TAXES INCOME	0	0	0	0.00%	0	0	%00.0
1,896,042	146,721	1,749,321	118	202,536	1,693,506		2,051,256	4,312,925	(2,261,669)	-52.44%	4,561,926	(2,510,670)	-55.04%

2 of 3

March 27 2014 9:32 AM



F0546011 - STARR REG-CONS HOS OPS **BALANCE SHEET** 

CON SOLIDATED COMINICASSE LPNT GROUP OPERATIONS EASTERN GROUP TENNESSEE MARKET

	CURRENT MONTH		December 2013		YEAR-TO-DATE	
BEGIN	CHANGE	ENDING	Balance Sheet	BEGIN	CHANGE	ENDING
			Current Assets			
364,915 0	64,880 0	429,795 0	CASH & CASH EQUIVALENTS MARKETABLE SECURITIES Patient Accounts Receivables	723,052 0	-293,257 0	429,795 0
22 218 073	538 951	22.757.024	PATIENT RECEIVABLES	17,801,728	4,955,296	22,757,024
22,219,073 0 -13,918,605 8,299,468	.349,861 189,090	0 -14,268,466 8,488,558	LESS ALLOW FOR GOVT RECEIVABLE LESS ALLOWS - BAD DEBT NET PATIENT RECEIVABLES Final Settlements	0 -8,256,465 9,545,263	0 -6,012,001 -1,056,705	0 -14,268,466 8,488,558
-267,448 -3,233 -270,681	179,093 0 179,093	-88,355 -3,233 -91,588	DUE TO/FROM GOVT PROGRAMS ALLOWS DUE GOVT PROGRAMS NET FINAL SETTLEMENTS	-271,193 0 -271,193	182,838 -3,233 179,605	-88,355 -3,233 -91,588
8,028,787 1,364,735 483,812 111,898	368,183 -33,058 658,097 1,250	8,396,970 1,331,677 1,141,909 1,113,148	NET ACCOUNTS RECEIVABLE INVENTORIES PREPAID EXPENSES OTHER RECEIVABLES	9,274,070 1,640,574 795,056 131,949	-877,100 -308,897 346,853 981,199	8,396,970 1,331,677 1,141,909 1,113,148
11,354,147	1,059,352	12,413,499	TOTAL CURRENT ASSETS  Property, Plant, Equipment	12,564,701	202,161-	12,400
1,004,600 22,952,069 27,158,662	0 0 285,921	1,004,600 22,952,069 27,444,583 111,900	LAND BLDGS AND IMPROVEMENT EQUIPMENT OWNED EQUIPMENT CAPITAL LEASES	1,004,600 22,708,284 25,405,002	243,785 2,039,581 111,900	1,004,600 22,952,069 27,444,583 111,900
1,510,179 52,737,410 -22,268,722 30,468,688	221,932 507,853 -277,423 230,430	1,732,111 53,245,263 -22,546,145 30,699,118	CONSTRUCTION IN PROGRESS GROSS PP&E LESS ACCUMULATED DEPRECIATION NET PP&E Other Assets	5,955 49,123,841 -18,544,891 30,578,950	1,726,196 4,121,422 -4,001,254 120,168	1,732,111 53,245,263 -22,546,145 30,699,118
00	0 0 0	0 0	INVESTMENTS NOTES RECEIVABLES INTANCIBLE ASSETS - NET	0 0 5.706.110	0 0 -353,704	0 0 5,352,406
5,386,101 0 1,025 5,387,126	-33,695 0 0 0 53,695	5,352,406 0 1,025 5.353,431	INVESTMENT IN SUBSIDARIES OTHER ASSETS TOTAL OTHER ASSETS	5,706,610	525 -353,179	0 1,025 5,353,431
47,209,961	1,256,087	48,466,048	GRAND TOTAL ASSETS	48,850,261	-384,213	48,466,048

RPTQMSRBAL



# BALANCE SHEET F0546011 - STARR REG-CONS HOS OPS

LPNT GROUP OPERATIONS EASTERN GROUP TENNESSEE MARKET

	YEAR-TO-DATE	CHANGE	
		BEGIN	
	December 2013	Liabilities & Equity	
		ENDING	
) 	CURRENT MONTH	CHANGE	
a. ut		BEGIN	

_	CURRENT MONIN			_		
BEGIN	CHANGE	ENDING	Liabilities & Equity	BEGIN	CHANGE	ENDING
			Current Liabilites			
000	708 807	2 554 583	ACCOUNTS PAYABLE	1,783,995	770,588	2,554,583
7,755,689	143.941	2,192,762	ACCRUED SALARIES	1,881,934	310,828	2,192,762
490,353	-2.163	488,190	ACCRUED EXPENSES	362,771	125,419	488,190
000,000	î	0	ACCRUED INTEREST	0	<b>5</b>	<b>)</b>
0 0	0	0	DISTRIBUTIONS PAYABLE	0	0 200	<b>&gt;</b> (
19.921	-19,921	0	CURR PORT - LONG TERM DEBT	266,655	-266,655	0 486 602
484,331	2,271	486,602	OTHER CURRENT LIABILITIES	456,220	200,000	400,002
0	0 000	0 5 722 137	INCOME LAXES PAYABLE TOTAL CURRENT LIABILITIES	4,751,575	970,562	5,722,137
4,789,115	323,022	0,122,131	Long Term Debt			
(	c	-	SASIJEDIEASES	0	0	0
0 547 00	0 1 246 476	0 23 764 290	INTERCOMPANY DEBT	-20,257,624	-3,506,666	-23,764,290
418,116,22-	0 /†,0†½,1-	007,107,02	OTHER LONG TERM DEBT	0	0	0
22 517 814	-1.246.476	-23,764,290	TOTAL LONG TERM DEBT	-20,257,624	-3,506,666	-23,764,290
10,110,22			Deferred Credits and Other Liabilities			
C	C	0	PROF LIABILITY RISK RESERVES	0	0 (	0 0
0 <	) C	0	DEFERRED INCOME TAXES	0	0	0 20
377 022	-316.501	60,521	LONG TERM OBLIGATIONS	16,999	43,522	60,521
377,022	-316,501	60,521	TOTAL OTHER LIAB. AND DEF.	16,999	43,522	126,00
			Equity			•
0	0	0	COMMON STOCK - PAR VALUE	4,561,940	-4,561,940	0 0
0	0	0	CAPITAL IN EXCESS OF PAR VALUE	0	0 4 640 052	0 306 724
64.396.424	0	64,396,424	RETAINED EARNINGS - START YEAR	59,77,371	4,619,055	2 04,330,424
155,214	1,896,042	2,051,256	NET INCOME CURRENT YEAR	<b>-</b>	0,001,00,0	0,2,1,00,2
0	0	0 0	DISTRIBUTIONS OFFICE FOLITY	0	0	0
0 000 000	0 1 896 042	66 447 680	TOTAL EQUITY	64,339,311	2,108,369	66,447,680
04,001,000	210,000,1					
47 200 064	1 256 087	48,466,048	TOTAL LIABILITIES AND EQUITY	48,850,261	-384,213	48,466,048
47,203,301	1,400,001					

Revised 04/25/01

March 27, 2014

#### TABLE OF CONTENTS

#### LIFEPOINT HOSPITALS, INC.

#### CONSOLIDATED STATEMENTS OF OPERATIONS For the Years Ended December 31, 2013, 2012 and 2011 (In millions, except per share amounts)

·	2013	2012	2011
Revenues before provision for doubtful accounts	\$ 4,428.7	\$ 4,016.2	\$ 3,544.6
Provision for doubtful accounts	750.4	624.4	518.5
Revenues	3,678.3	3,391.8	3,026.1
Salaries and benefits	1,727.4	1,554.5	1,364.7
Supplies	577.1	524.6	469.5
Other operating expenses	900.9	799.1	682.4
Other income	(64.1)	(32.0)	(26.7)
Depreciation and amortization	228.2	193.1	165.8
Interest expense, net	97.0	100.0	107.1
Gain on settlement of pre-acquisition contingent obligation	(5.6)	-	-
Debt transaction costs	5.9	4.4	_
Impairment charges	-	4.0	
Impanion same	3,466.8	3,147.7	2,762.8
Income from continuing operations before income taxes	211.5	244.1	263.3
Provision for income taxes	79.3	88.5	97.8
Income from continuing operations	132.2	155.6	165.5
Income from discontinued operations, net of income taxes	0.4		0.2
Net income	132.6	155.6	165.7
Less: Net income attributable to noncontrolling interests	(4.4)	(3.7)	(2.8)
Net income attributable to LifePoint Hospitals, Inc.	\$ 128.2	\$ 151.9	\$ 162.9
			-
Basic earnings per share attributable to LifePoint Hospitals, Inc.			
stockholders:	\$ 2.76	\$ 3.22	\$ 3.30
Continuing operations Discontinued operations	0.01	· -	
	\$ 2.77	\$ 3.22	\$ 3.30
Net income			
Diluted earnings per share attributable to LifePoint Hospitals, Inc.			
stockholders:	\$ 2.68	\$ 3.14	\$ 3.22
Continuing operations	0.01	-	Ų 3.22
Discontinued operations	\$ 2.69	\$ 3.14	\$ 3.22
Net income	2.09	5.17	ψ 3.22 =
Weighted average shares and dilutive securities outstanding:	46.2	47.2	40.2
Basic	46.3	<u>47.2</u>	49.3
Diluted	47.6	48.4	50.5
Amounts attributable to LifePoint Hospitals, Inc. stockholders:			
Income from continuing operations, net of income taxes	\$ 127.8	\$ 151.9	\$ 162.7
Income from discontinued operations, net of income taxes	0.4		0.2
Net income	\$ 128.2	\$ 151.9	\$ 162.9

#### TABLE OF CONTENTS

## LIFEPOINT HOSPITALS, INC.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME For the Years Ended December 31, 2013, 2012 and 2011

(In millions)

		2013		2012		2011
Net income	\$	132.6	\$	155.6	\$	165.7
Other comprehensive income, net of income taxes: Unrealized gains on changes in funded status of pension benefit		3.2		0.2		_
obligation, net of provision for income taxes of \$1.9 for the year ended December 31, 2013						
Unrealized gains on changes in fair value of interest rate swap, net of provision for income taxes of \$2.8 for the year ended December 31,		-		_		4.0
2011	_		_		_	4.0
Other comprehensive income		3.2		0.2	-	4.0
Comprehensive income		135.8		155.8		169.7
Less: Net income attributable to noncontrolling interests		(4.4)		(3.7)	-	(2.8)
Comprehensive income attributable to LifePoint Hospitals, Inc.	\$	131.4	\$	152.1	\$	166.9

#### TABLE OF CONTENTS

#### LIFEPOINT HOSPITALS, INC.

## CONSOLIDATED BALANCE SHEETS

## December 31, 2013 and 2012

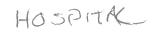
(Dollars in millions, except per share amounts)

(Dollars in millions, except per share amou		012		2012
ASSETS	2	2013	-	2012
Current assets:  Cash and cash equivalents	\$	637.9	\$	85.0
Accounts receivable, less allowances for doubtful accounts of \$741.2 and \$558.4 at		595.7		518.8
December 31, 2013 and 2012, respectively				
Inventories		102.0		97.0
		38.0		31.8
Prepaid expenses Deferred tax assets		147.7		142.5
Other current assets		72.9		50.2
Other current assets	1	,594.2		925.3
Property and equipment:				
Land		112.3		101.9
Buildings and improvements	2	,019.6		1,815.2
Equipment	1	,469.9		1,289.7
Construction in progress (estimated costs to complete and equip after December 31, 2013 is		58.7		81.0
\$59.5)				
4	3	,660.5		3,287.8
Accumulated depreciation	(1	,463.3)		(1,256.9)
	2	2,197.2		2,030.9
Deferred loan costs, net		31.1		21.9
Intangible assets, net		72.6		84.5
Other		40.7		47.8
Goodwill		1,651.0		1,611.8
Total assets	\$ 5	5,586.8	\$	4,722.2
LIABILITIES AND EQUITY		<del></del>	_	
Current liabilities:				
Accounts payable	\$	135.9	\$	117.4
Accrued salaries		139.6		128.2
Other current liabilities		197.2		186.0
Current maturities of long-term debt		583.0		13.3
Ç	1	1,055.7		444.9
Long-term debt	1	1,793.8		1,696.5
Deferred income tax liabilities		233.1		249.2
Long-term portion of reserves for self-insurance claims		139.8		133.0
Other long-term liabilities		55.4		79.2
Long-term income tax liability		16.6		16.9
Total liabilities		3,294.4		2,619.7
Redeemable noncontrolling interests		59.8		29.4
Equity:				
LifePoint Hospitals, Inc. stockholders' equity:				
Preferred stock, \$0.01 par value; 10,000,000 shares authorized; no shares issued		25.00		_
Common stock, \$0.01 par value; 90,000,000 shares authorized; 65,548,140 and 64,472,700		0.7		0.6
shares issued at December 31, 2013 and 2012, respectively				
Capital in excess of par value		1,470.7		1,403.5
Accumulated other comprehensive income		3.4		0.2
1 too and a compression of most				

Retained earnings treasury, at cost, 18,404,586 and 17,544,668 shares at December 31,	1(847:9)	1(378:8)
2013 and 2012, respectively Total LifePoint Hospitals, Inc. stockholders' equity	2,210.1 22.5	2,050.5 22.6
Noncontrolling interests  Total equity  Total liabilities and equity	2,232.6 \$ 5,586.8	2,073.1 \$ 4,722.2

C, Orderly Development--7(C) Licensing & Accreditation Inspections





## Doctors' Hospital of McMinn County 886 Highway 411, North Etowah, TN 37331

Organization Identification Number: 3942

Program(s)
Hospital Accreditation

Survey Date(s) 01/10/2012-01/11/2012

#### **Executive Summary**

**Hospital Accreditation:** 

As a result of the accreditation activity conducted on the above date(s), Requirements for Improvement have been identified in your report.

You will have follow-up in the area(s) indicated below:

Evidence of Standards Compliance (ESC)

If you have any questions, please do not hesitate to contact your Account Executive.

Thank you for collaborating with The Joint Commission to improve the safety and quality of care provided to patients.

# The Joint Commission Summary of Findings

Evidence of DIRECT Impact Standards Compliance is due within 45 days from the day this report is posted to your organization's extranet site:

postou to jou	i organization c ominimo	
Program:	Hospital Accreditation Program	
Standards:	EC.02.03.01	EP1
	MM.04.01.01	EP13
	PC.01.03.01	EP1
	PC.03.01.05	EP1
	PC.04.01.05	EP2,EP8

Evidence of INDIRECT Impact Standards Compliance is due within 60 days from the day this report is posted to your organization's extranet site:

posted to you	ir organization s extranet site.		
Program:	Hospital Accreditation Program		
Standards:	EC.02.02.01	EP5	
	EC.02.03.05	EP15	
	EC.02.04.01	EP2	
	EC.02.05.07	EP1	
	EC.02.06.01	EP1	
	LS.02.01.10	EP4	
	LS.02.01.30	EP6,EP11	
	PC.03.05.05	EP2	
	PC.03.05.15	EP1	
	RC.01.01.01	EP19	

## The Joint Commission **Summary of CMS Findings**

CoP:

§482.13

**Tag:** A-0115

**Deficiency:** Standard

Corresponds to: HAP

Text:

§482.13 Condition of Participation: Patient's Rights

A hospital must protect and promote each patient's rights.

CoP Standard	Tag	Corresponds to	Deficiency
§482.13(e)(6)	A-0169	HAP - PC.03.05.05/EP2	Standard
§482.13(e)(16)(iii)	A-0186	HAP - PC.03.05.15/EP1	Standard

CoP:

§482.23

Tag: A-0385

Deficiency:

Standard

Corresponds to:

HAP

Text:

§482.23 Condition of Participation: Nursing Services

The hospital must have an organized nursing service that provides 24-hour nursing services. The

nursing services must be furnished or supervised by a registered nurse.

CoP Standard	Tag	Corresponds to	Deficiency
§482.23(b)(4)	A-0396	HAP - PC.01.03.01/EP1	Standard
§482.23(c)(2)	A-0406	HAP - MM.04.01.01/EP13	Standard

CoP:

§482.24

Tag: A-0431

Deficiency:

Standard

Corresponds to:

HAP

Text:

§482.24 Condition of Participation: Medical Record Services

The hospital must have a medical record service that has administrative responsibility for medical records. A medical record must be maintained for every individual evaluated or treated in the

hospital.

CoP Standard	Tag	Corresponds to	Deficiency
§482.24(c)(1)	A-0450	HAP - RC.01.01.01/EP19	Standard
§482.24(c)(1)(i)	A-0454	HAP - RC.01.01.01/EP19	Standard

CoP:

§482.26

Tag: A-0528

Deficiency:

Standard

Corresponds to: HAP

Text:

§482.26 Condition of Participation: Radiologic Services

The hospital must maintain, or have available, diagnostic radiologic services. If therapeutic services

are also provided, they, as well as the diagnostic services, must

meet professionally approved standards for safety and personnel qualifications.

CoP Standard	Tag	Corresponds to	Deficiency
§482.26(b)(2)	A-0537	HAP - EC.02.04.01/EP2	Standard

CoP:

§482.41

Tag: A-0700

Deficiency:

Standard

Corresponds to: HAP

Organization Identification Number: 3942

Page 3 of 20

## **The Joint Commission Summary of CMS Findings**

Text:

§482.41 Condition of Participation: Physical Environment

The hospital must be constructed, arranged, and maintained to ensure the safety of the patient, and to provide facilities for diagnosis and treatment and for special hospital services appropriate to the needs of the community.

CoP Standard	Tag	Corresponds to	Deficiency
§482.41(a)	A-0701	HAP - EC.02.06.01/EP1	Standard
§482.41(b)(4)	A-0711	HAP - EC.02.05.07/EP1	Standard
§482.41(b)(6)	A-0713	HAP - EC.02.02.01/EP5	Standard
§482.41(b)(1)(i)	A-0710	HAP - EC.02.03.05/EP15, LS.02.01.10/EP4, LS.02.01.30/EP6, EP11	Standard

CoP:

§482.43

Tag: A-0799

Standard Deficiency:

Corresponds to: HAP

Text:

§482.43 Condition of Participation: Discharge Planning

The hospital must have in effect a discharge planning process that applies to all patients. The

hospital's policies and procedures must be specified in writing.

CoP Standard	Tag	Corresponds to	Deficiency
§482.43(c)(5)	A-0822	HAP - PC.04.01.05/EP2	Standard

**Chapter:** 

**Environment of Care** 

Program:

Hospital Accreditation

Standard:

EC.02.02.01

ESC 60 day

**Standard Text:** 

The hospital manages risks related to hazardous materials and waste.

**Primary Priority Focus Area:** 

**Equipment Use** 

Element(s) of Performance:

5. The hospital minimizes risks associated with selecting, handling, storing, transporting, using, and disposing of hazardous chemicals.



Scoring Category :C

Score:

Partial Compliance

#### Observation(s):

§482.41(b)(6) - (A-0713) - (6) The hospital must have procedures for the proper routine storage and prompt disposal of

This Standard is NOT MET as evidenced by:

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During the building tour, it was observed that there were bottles of stain and decolorizing solution in the flammable storage cabinet located in the Lab that had expired. This was corrected during the survey.

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During the building tour, it was observed that there was a bottle of hydrochloric acid in the acids storage cabinet located in the Lab that had expired. This was corrected during the survey.

Chapter:

Environment of Care

Program:

Hospital Accreditation

Standard:

EC.02.03.01



**Standard Text:** 

The hospital manages fire risks.

**Primary Priority Focus Area:** 

Physical Environment

**Element(s) of Performance:** 

1. The hospital minimizes the potential for harm from fire, smoke, and other products of combustion.



Scoring Category :C

Score:

Insufficient Compliance

Observation(s):

#### EP 1

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site. During the building tour, it was observed that there was use of spray foam insulation in use to seal through ceiling penetrations in the Dietary Can Storage Room which is not fire sprinkler protected. These penetrations were not part of the rated assembly for the room.

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site. During the building tour, an uncovered electrical box was observed in the ceiling above smoke detector 106 at the connector to the A wing for the nursing home.

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site. During the building tour, an uncovered electrical box was observed in the ceiling at the connector to the B wing for the nursing home.

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site. During the building tour, it was observed that there were 10 e-cylinders not secured in the outdoor medical gas storage area located next to the trash compactor.

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site. During the building tour, it was observed that there was plywood mounted on the wall behind the developer, the full width of the wall, in the Diagnostic Imaging department that was not fire resistant or treated to resist fire.

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site. During the building tour, it was observed that there was an opening left in the wall with electrical wires where a clock had been in the Business Office.

Chapter: Environment of Care

Program: Hospital Accreditation

Program: Hospital Accreditati

Standard: EC.02.03.05

Standard Text: The hospital maintains fire safety equipment and fire safety building features.

Note: This standard does not require hospitals to have the types of fire safety equipment and building features described below. However, if these types of equipment or features exist within the building, then the following maintenance,

ESC 60 days

testing, and inspection requirements apply.

Primary Priority Focus Area: Physical Environment

**Element(s) of Performance:** 

15. At least monthly, the hospital inspects portable fire extinguishers. The completion dates of the inspections are documented.

Note 1: There are many ways to document the inspections, such as using bar-coding equipment, using check marks on a tag, or using an inventory.

Note 2: Inspections involve a visual check for the presence and correct type of extinguisher, broken parts, full charge, and ease of access.

Note 3: For additional guidance on inspection of fire extinguishers, see NFPA 10, Standard for Portable Fire Extinguishers, 1998 edition (Sections 1-6, 4-3, and 4-4).

Scoring Category :C

Score: Partial Compliance

Observation(s):

Organization Identification Number: 3942 Page 6 of 20

**EP 15** 

§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101®2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: http://www.archives.gov/federal\_register/code\_of\_federal\_regulations/ibr\_locations.html.

Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.

This Standard is NOT MET as evidenced by:

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During the building, it was observed that there was a fire extinguisher that had an inspection date of 1/18/11 noted in the inspection tag in Diagnostic Imaging Room 1; the dates of survey were 1/10 - 1/11/11.

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During the building, it was observed that there was a fire extinguisher that had an inspection date of 1/18/11 noted in the inspection tag in Diagnostic Imaging Room 2; the dates of survey were 1/10 - 1/11/11.

**Environment of Care Chapter:** 

Hospital Accreditation Program:

EC.02.04.01 Standard:

The hospital manages medical equipment risks. **Standard Text:** 

**Primary Priority Focus Area: Equipment Use** 

**Element(s) of Performance:** 

2. The hospital maintains either a written inventory of all medical equipment or a written inventory of selected equipment categorized by physical risk associated with use (including all life-support equipment) and equipment incident history. The hospital evaluates new types of equipment before initial use to determine whether they should be included in the inventory. (See also EC.02.04.03, EPs 1 and 3)



ESC 60 days

Scoring Category :A

Insufficient Compliance Score:

#### Observation(s):

EP 2

§482.26(b)(2) - (A-0537) - (2) Periodic inspection of equipment must be made and hazards identified must be properly

This Standard is NOT MET as evidenced by:

Observed in Environment of Care Session at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During the Environment of Care session, it was noted that the medical equipment inventory listed items that had service and other codes not noted in the inventory legend, such as multiple monitors, and showing an active status with maintenance activity defined. Staff and the service provider could not explain how the identified equipment was managed as part of its program.

**Environment of Care Chapter:** 

Organization Identification Number: 3942 Page 7 of 20

Program:

Hospital Accreditation

Standard:

EC.02.05.07

ESC 60 days

**Standard Text:** 

The hospital inspects, tests, and maintains emergency power systems.

Note: This standard does not require hospitals to have the types of emergency power equipment discussed below. However, if these types of equipment exist within the building, then the following maintenance, testing, and inspection

requirements apply.

**Primary Priority Focus Area:** 

Physical Environment

Element(s) of Performance:

1. At 30-day intervals, the hospital performs a functional test of battery-powered lights required for egress for a minimum duration of 30 seconds. The completion date of the tests is documented.



Scoring Category :C

Score:

Insufficient Compliance

#### Observation(s):

EP 1

§482.41(b)(4) - (A-0711) - (4) Beginning March 13, 2006, a hospital must be in compliance with Chapter 19.2.9, Emergency Lighting.

This Standard is NOT MET as evidenced by:

Observed in Document Review at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During the document review session, it was noted that there was no information available at the time of survey to demonstrate that the battery-powered emergency lights had been tested monthly for 30 seconds in the Surgery Department. Only visual inspections were noted.

Observed in Document Review at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During the document review session, it was noted that there was no information available at the time of survey to demonstrate that the battery-powered emergency lights had been tested monthly for 30 seconds in the Boiler Room and West Wing Mechanical Room. Only visual inspections were noted.

Observed in Document Review at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During the document review session, it was noted that there was no information available at the time of survey to demonstrate that the battery-powered emergency lights had been tested monthly for 30 seconds in the ER/ICU Mechanical Room. Only visual inspections were noted.

**Chapter:** 

**Environment of Care** 

Program:

Hospital Accreditation

Standard:

EC.02.06.01

ESC 60 days

**Standard Text:** 

The hospital establishes and maintains a safe, functional environment.

Note: The environment is constructed, arranged, and maintained to foster patient safety, provide facilities for diagnosis and treatment, and provide for special

services appropriate to the needs of the community.

**Primary Priority Focus Area:** 

Infection Control

#### **Element(s) of Performance:**

1. Interior spaces meet the needs of the patient population and are safe and suitable to the care, treatment, and services provided.



Scoring Category :C

Score:

Insufficient Compliance

#### Observation(s):

§482.41(a) - (A-0701) - §482.41(a) Standard: Buildings

The condition of the physical plant and the overall hospital environment must be developed and maintained in such a manner that the safety and well-being of patients are assured.

This Standard is NOT MET as evidenced by:

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During the building tour, it was observed that there were stained ceiling tiles in the Dietary Storeroom.

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During the building tour, it was observed that there were stained ceiling tiles in the Housekeeping Storeroom where toiletry paper products were stored.

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During the building tour, it was observed that were stained ceiling tiles in the Diagnostic Imaging department that had dark, mold-like spots on at least one tile.

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During the building tour, it was observed that there were stained ceiling tiles in the Materials Management storeroom, the main clean linen storeroom, and the ICU supply room, among many other locations throughout the facility.

Chapter:

Life Safety

Program:

Hospital Accreditation

Standard:

LS.02.01.10

ESC 60 days

**Standard Text:** 

Building and fire protection features are designed and maintained to minimize the

effects of fire, smoke, and heat.

**Primary Priority Focus Area:** 

Physical Environment

**Element(s) of Performance:** 

4. Openings in 2-hour fire-rated walls are fire rated for 1 1/2 hours. (See also LS.02.01.20, EP 3; LS.02.01.30, EP 1) (For full text and any exceptions, refer to NFPA 101-2000: 8.2.3.2.3.1)



Scoring Category : A

Score:

Insufficient Compliance

Observation(s):

Organization Identification Number: 3942

Page 9 of 20

EP 4 §482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101®2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: http://www.archives.gov/federal\_register/code\_of\_federal\_regulations/ibr\_locations.html.

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This Standard is NOT MET as evidenced by:

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the

Hospital deemed service.

During the building tour, the double doors in the 2-hour rated barrier at the A wing for the nursing home had an excessive gap along the length of the right side of the door frame between the frame and the wall large enough for fingers to be inserted and a bracket was secured to the wall and frame to secure it in place.

Chapter:

Life Safety

Program:

Hospital Accreditation

Standard:

LS.02.01.30

ESC 60 days

**Standard Text:** 

The hospital provides and maintains building features to protect individuals from

the hazards of fire and smoke.

**Primary Priority Focus Area:** 

Physical Environment

Element(s) of Performance:

6. Existing corridor partitions are fire rated for 1/2 hour, are continuous from the floor slab to the floor or roof slab above, extend through any concealed spaces (such as those above suspended ceilings and interstitial spaces), are properly sealed, and are constructed to limit the transfer of smoke.



Note: In smoke compartments protected throughout with an approved supervised sprinkler system, corridor partitions are allowed to terminate at the ceiling if the ceiling is constructed to limit the passage of smoke. The passage of smoke can be limited by an exposed, suspended-grid acoustical tile ceiling. The following ceiling features also limit the passage of smoke: sprinkler piping and sprinklers that penetrate the ceiling; ducted heating, ventilating, and air-conditioning (HVAC) supply and return-air diffusers; speakers; and recessed lighting fixtures. (For full text and any exceptions, refer to NFPA 101-2000: 19.3.6.2.1 and 19.3.6.2.2)

Scoring Category :C

Score:

Partial Compliance

11. Corridor doors are fitted with positive latching hardware, are arranged to restrict the movement of smoke, and are hinged so that they swing. The gap between meeting edges of door pairs is no wider than 1/8 inch, and undercuts are no larger than 1 inch. Roller latches are not acceptable.



Note: For existing doors, it is acceptable to use a device that keeps the door closed when a force of 5 foot-pounds are applied to the edge of the door. (For full text and any exceptions, refer to NFPA 101-2000: 18/19.3.6.3.2, 18/19.3.6.3.1, and 7.2.1.4.1)

Scoring Category :C

Score:

Partial Compliance

Organization Identification Number: 3942

Page 10 of 20

#### Observation(s):

EP 6

§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101®2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: http://www.archives.gov/federal\_register/code\_of\_federal\_regulations/ibr\_locations.html.

Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.

This Standard is NOT MET as evidenced by:

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During the building tour, it was observed that there was an excessive gap around the sprinkler escutcheon in the corridor outside of the Dietary Can Storage Room.

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During the building tour, it was observed that was a ceiling tile missing in the Dietician's office that was fire sprinkler protected.

**EP 11** 

§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101®2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: http://www.archives.gov/federal\_register/code\_of\_federal\_regulations/ibr\_locations.html.

Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.

This Standard is NOT MET as evidenced by:

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During the building tour, it was observed that there was an excessive gap between the Dietary Suite entry door at the dishroom.

Observed in Building Tour at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During the building tour, it was observed that the double doors leading to the Diagnostic Imaging suite did not close properly as one leaf was getting caught on the astragal.

Chapter:

Medication Management

Program:

Hospital Accreditation

Standard:

MM.04.01.01

ESC 45 days

Standard Text:

Medication orders are clear and accurate.

Primary Priority Focus Area: Medication Management

Organization Identification Number: 3942

Page 11 of 20

#### **Element(s) of Performance:**

13. The hospital implements its policies for medication orders.



Scoring Category :C

Score:

Insufficient Compliance

#### Observation(s):

**EP 13** 

§482.23(c)(2) - (A-0406) - (2) With the exception of influenza and pneumococcal polysaccharide vaccines, which may be administered per physician-approved hospital policy after an assessment of contraindications, orders for drugs and biologicals must be documented and signed by a practitioner who is authorized to write orders by hospital policy and in accordance with State law, and who is responsible for the care of the patient as specified under §482.12(c).

This Standard is NOT MET as evidenced by: Observed in Individual Tracer at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During a patient tracer, it was noted that a order was written for ativan 1mg q6 hours prn. There was no indication for the prn medication as required by hospital policy.

Observed in Record Review at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During a patient tracer, it was noted that a tylenol order was written PRN but did not have an indication for use. The order was written on 4/27/11.

Observed in Individual Tracer at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site. During an individual tracer it was noted that there was a telephone order for Zofran PRN did not specify the reason for the medication. In addition, the same telephone order contained the following: "Phenergan 12.5 mg PR or IM Q" without specifying the frequency of the medication.

Observed in Individual Tracer at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site. During an individual tracer it was noted that there was a PRN order for morphine sulfate without specifying the reason for the order.

**Chapter:** 

Provision of Care, Treatment, and Services

Program:

Hospital Accreditation

Standard:

PC.01.03.01

ESC 45 days

**Standard Text:** 

The hospital plans the patient's care.

**Primary Priority Focus Area:** 

Assessment and Care/Services

**Element(s) of Performance:** 

1. The hospital plans the patient's care, treatment, and services based on needs identified by the patient's assessment, reassessment, and results of diagnostic testing. (See also RC.02.01.01, EP 2)



Scoring Category :C

Score:

Insufficient Compliance

Observation(s):

Organization Identification Number: 3942

Page 12 of 20

EP 1

§482.23(b)(4) - (A-0396) - (4) The hospital must ensure that the nursing staff develops, and keeps current, a nursing care plan for each patient.

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During a patient tracer, it was noted that a care plan that was written for a patient in the ICU. The patient had multiple medical problems but the only problem noted by the nursing staff was gas exchange for respiratory problems.

Observed in Individual Tracer at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During a patient tracer in the ICU, it was noted that multiple patients in the ICU had the same nursing care plan and the only care plan was to provide proper gas exchange for respiratory care. These patients had multiple medical problems requiring several nursing care goals.

Observed in Record Review at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During a record review, it was noted that the care plan only was to improve gas exchange. The patient had multiple medical problems to include, anemia, hyperglycemia, weakness, restraints, and renal failure. None of these were noted in the nursing care plan.

Chapter:

Provision of Care, Treatment, and Services

**Program:** 

Hospital Accreditation

Standard:

PC.03.01.05

**Standard Text:** 

The hospital monitors the patient during operative or other high-risk procedures and/or during the administration of moderate or deep sedation or anesthesia.

**Primary Priority Focus Area:** 

Assessment and Care/Services

**Element(s) of Performance:** 

1. During operative or other high risk procedures, including those that require the administration of moderate or deep sedation or anesthesia, the patient's oxygenation, ventilation, and circulation are monitored continuously. (See also RC.02.01.03, EP 8)



ESC 45 days

Scoring Category : A

Score:

Insufficient Compliance

#### Observation(s):

EP 1

Observed in Record Review at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site. During the administration of moderate sedation, the nurse monitored the LOC of the patient but not within the defined parameters of the 4 levels of sedation as defined in the hospital's policy. They used phrases such as, sleeping and drowsy to describe LOC.

Observed in Record Review at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site. During the administration of moderate sedation, the nurse monitored the LOC of the patient but not within the defined parameters of the 4 levels of sedation as defined in the hospital's policy. They used phrases such as, sleeping and drowsy to describe LOC.

Chapter:

Provision of Care, Treatment, and Services

Program:

Hospital Accreditation

Organization Identification Number: 3942

Page 13 of 20

Standard:

PC.03.05.05

ESC 60 days

**Standard Text:** 

For hospitals that use Joint Commission accreditation for deemed status purposes:

The hospital initiates restraint or seclusion based on an individual order.

**Primary Priority Focus Area:** 

Information Management

Element(s) of Performance:

2. For hospitals that use Joint Commission accreditation for deemed status purposes: The hospital does not use standing orders or PRN (also known as 'as needed') orders for restraint or seclusion.



Scoring Category : A

Score:

Insufficient Compliance

#### Observation(s):

§482.13(e)(6) - (A-0169) - (6) Orders for the use of restraint or seclusion must never be written as a standing order or on an as needed basis (PRN).

This Standard is NOT MET as evidenced by:

Observed in Record Review at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During a record review, it was noted that a physician wrote an order to apply restraints if needed. Hospital policy stated that PRN orders for restraints is not allowed.

Observed in Record Review at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During record review, it was noted that a telephone order stated, "restraints prn" on 6/7/11. PRN restraints are not allowed.

**Chapter:** 

Provision of Care, Treatment, and Services

Program:

Hospital Accreditation

Standard:

PC.03.05.15

(ESC 60 days

**Standard Text:** 

For hospitals that use Joint Commission accreditation for deemed status purposes:

The hospital documents the use of restraint or seclusion.

**Primary Priority Focus Area:** 

Information Management

#### **Element(s) of Performance:**

1. For hospitals that use Joint Commission accreditation for deemed status purposes: Documentation of restraint and seclusion in the medical record includes the following:



- Any in-person medical and behavioral evaluation for restraint or seclusion used to manage violent or self-destructive behavior
- A description of the patient's behavior and the intervention used
- Any alternatives or other less restrictive interventions attempted
- The patient's condition or symptom(s) that warranted the use of the restraint or seclusion
- The patient's response to the intervention(s) used, including the rationale for continued use of the intervention
- Individual patient assessments and reassessments
- The intervals for monitoring
- Revisions to the plan of care
- The patient's behavior and staff concerns regarding safety risks to the patient, staff, and others that necessitated the use of restraint or seclusion
- Injuries to the patient
- Death associated with the use of restraint or seclusion
- The identity of the physician, clinical psychologist, or other licensed independent practitioner who ordered the restraint or seclusion
- Orders for restraint or seclusion
- Notification of the use of restraint or seclusion to the attending physician
- Consultations

Note: The definition of 'physician' is the same as that used by the Centers for Medicare & Medicaid Services (CMS) (refer to the Glossary).

Scoring Category :C

Score:

Insufficient Compliance

Observation(s):

Organization Identification Number: 3942

Page 15 of 20

EP 1

§482.13(e)(16)(iii) - (A-0186) - [When restraint or seclusion is used, there must be documentation in the patient's medical record of the following:]

(iii) Alternatives or other less restrictive interventions attempted (as applicable).

This Standard is NOT MET as evidenced by:

Observed in Record Review at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the

Hospital deemed service.

During record review of restraints, it was noted that the comprehensive order sheet had multiple areas that were not completed. One area that was required is the alternative or less restrictive interventions was not filled out. The patient's response to the intervention(s) used, including the rationale for continued use of the intervention were not documented.

Observed in Record Review at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During record review of restraints, patient #2, it was noted that the comprehensive order sheet had multiple areas that were not completed. One area that was required is the alternative or less restrictive interventions was not filled out. The patient's response to the intervention(s) used, including the rationale for continued use of the intervention were not documented.

Observed in Record Review at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During record review of restraints, it was noted that the comprehensive order sheet had multiple areas that were not completed. One area that was required is the alternative or less restrictive interventions was not filled out. The patient's response to the intervention(s) used, including the rationale for

continued use of the intervention were not documented. The patient's condition or symptom(s) that warranted the use of the restraint

or seclusion was not completed on the order form as required.

Chapter:

Provision of Care, Treatment, and Services

Program:

Hospital Accreditation

Standard:

PC.04.01.05

ESC 45 days

**Standard Text:** 

Before the hospital discharges or transfers a patient, it informs and educates the patient about his or her follow-up care, treatment, and services.

**Primary Priority Focus Area:** Communication

**Element(s) of Performance:** 

2. Before the patient is discharged, the hospital informs the patient, and also the patient's family when it is involved in decision making or ongoing care, of the kinds of continuing care, treatment, and services the patient will need.



Scoring Category :C

Score:

Insufficient Compliance

8. The hospital provides written discharge instructions in a manner that the patient and/or the patient's family or caregiver can understand. (See also RI.01.01.03, EP 1)



Scoring Category :C

Score:

Partial Compliance

Observation(s):

EP 2

§482.43(c)(5) - (A-0822) - (5) As needed, the patient and family members or interested persons must be counseled to prepare them for post-hospital care.

This Standard is NOT MET as evidenced by:

Observed in Record Review at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During a record review, it was noted that a patient was discharged after moderate sedation but no instructions were given to the patient that addressed continuing care of the patient after moderate sedation.

Observed in Record Review at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During a record review, it was noted that a patient was discharged after moderate sedation but no instructions were given to the patient that addressed continuing care of the patient after moderate sedation.

Observed in Record Review at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During a record review, it was noted that a patient was discharged after moderate sedation but no instructions were given to the patient that addressed continuing care of the patient after moderate sedation.

#### EP8

Observed in Record Review at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site. During review of a closed medical record it was identified that the discharge instructions given to the patient was not written in a manner the patient could understand. The abbreviations SOB, N/V, F/U, abd were included in the instructions. In addition, "as tol" and an up arrow were used.

Observed in Record Review at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site. During review of a closed medical record it was noted that the hand-written discharge instructions given to the patient were not easy to read due to a degree of illegibility.

Record of Care, Treatment, and Services Chapter:

Hospital Accreditation **Program:** 

Standard: RC.01.01.01

The hospital maintains complete and accurate medical records for each individual

patient.

**Primary Priority Focus Area:** Information Management

**Element(s) of Performance:** 

19. For hospitals that use Joint Commission accreditation for deemed status purposes: All entries in the medical record, including all orders, are timed.

ESC 60 days

Scoring Category :C

Insufficient Compliance Score:

Observation(s):

**Standard Text:** 

Organization Identification Number: 3942

Page 17 of 20

**EP 19** 

§482.24(c)(1)(i) - (A-0454) - (i) All orders, including verbal orders, must be dated, timed, and authenticated promptly by the ordering practitioner, except as noted in paragraph (c)(1)(ii) of this section.

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During a patient tracer, it was noted that a physician did not date or time the medication order written on 1/8/12. Hospital policy states all orders must be dated and timed.

Observed in Individual Tracer at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During a patient tracer, it was noted that a physician did not date or time the authentication of the telephone order written on 1/9/12. Hospital policy states all orders must be dated and timed.

Observed in Individual Tracer at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During a patient tracer, it was noted that a physician did not date or time the medication order written on 1/6/12. Hospital policy states all orders must be dated and timed.

§482.24(c)(1) - (A-0450) - (1) All patient medical record entries must be legible, complete, dated, timed, and authenticated in written or electronic form by the person responsible for providing or evaluating the service provided, consistent with hospital policies and procedures.

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During an individual tracer it was noted that neither a physician order dated 1/9/12 nor a progress note written on 1/10/12 had the time documented.

Observed in Individual Tracer at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During an individual tracer it was identified that a respiratory assessment dated 1/9/12 had not been timed. Also the Pneumonia protocol had not been signed, dated or timed.

Observed in Individual Tracer at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During an individual tracer it was noted that three telephone orders had been signed by the physician but not dated or timed.

Observed in Individual Tracer at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During an individual tracer it was identified that the ED physician record had not been dated.

Observed in Individual Tracer at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During an individual tracer it was noted that two physician orders had been dated but not timed. Also, an authorization for psychotropic medications had been signed and dated but not timed.

Observed in Individual Tracer at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During an individual tracer it was noted that two yellow stickers related to continuation of Foley catheters had been signed but not dated or timed.

Observed in Individual Tracer at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

During an individual tracer it was identified that a POST form had been signed and dated but not timed.

Observed in Individual Tracer at Doctors' Hospital of McMinn County (886 Highway 411 North, Etowah, TN) site for the Hospital deemed service.

Organization Identification Number: 3942

Page 18 of 20

During an individual tracer it was noted that the medication reconciliation admission form had been s	signed	but not
dated or timed.		

Organization Identification Number: 3942

## **The Joint Commission**

Organization Identification Number: 3942



LAB

## Woods Memorial Hospital, LLC 886 Highway 411, North Etowah, TN 37331

**Organization Identification Number: 3942** 

Program(s)
Laboratory Accreditation

**Survey Date(s)** 09/09/2013-09/10/2013

#### **Executive Summary**

**Laboratory Accreditation:** 

As a result of the accreditation activity conducted on the above date(s), Requirements for Improvement have been identified in your report.

You will have follow-up in the area(s) indicated below:

• Evidence of Standards Compliance (ESC)

If you have any questions, please do not hesitate to contact your Account Executive.

Thank you for collaborating with The Joint Commission to improve the safety and quality of care provided to patients.

# The Joint Commission Summary of Findings

Evidence of DIRECT Impact Standards Compliance is due within 45 days from the day the survey report was originally posted to your organization's extranet site:

Program:

Laboratory Accreditation

Program

Standards:

NPSG.01.01.01

EP2

QSA.05.18.01

EP7

Evidence of INDIRECT Impact Standards Compliance is due within 60 days from the day the survey report was originally posted to your organization's extranet site:

Program:

Laboratory Accreditation

Program

Standards:

HR.01.06.01

EP18

QSA.01.01.01

EP5

QSA.02.03.01

EP3

QSA.02.04.01

EP6

WT.05.01.01

EP3

Chapter:

**Human Resources** 

Program:

Laboratory Accreditation

Standard:

HR.01.06.01

ESC 60 days

**Standard Text:** 

Staff are competent to perform their responsibilities.

**Primary Priority Focus** 

Area:

Element(s) of Performance:

18. The staff member's competency assessment includes the following:

- Direct observations of routine patient test performance, including patient preparation, if applicable, and specimen collection, handling, processing, and testing

- Monitoring, recording, and reporting of test results

- Review of intermediate test results or worksheets, quality control, proficiency testing, and preventive maintenance performance

- Direct observation of performance of instrument maintenance function checks and calibration

- Test performance as defined by laboratory policy (for example, testing previously analyzed specimens, internal blind testing samples, external proficiency, or testing samples)

- Problem-solving skills as appropriate to the job (See also WT.03.01.01, EP 6)

Scoring

Category:

C

Score:

Partial Compliance

#### Observation(s):

**EP 18** 

Observed in Competency Session at Woods Memorial Hospital, LLC (886 Highway 411 North, Etowah, TN) site for CLIA #(s) 44D0309512.

Competency requirement for per diem respiratory staff did not include all six required assessment elements as listed above. In practice, none of the per diem staff were required to perform external liquid QC.

Observed in Competency Session at Woods Memorial Hospital, LLC (886 Highway 411 North, Etowah, TN) site for CLIA #(s) 44D0309512.

Competency requirement for per diem respiratory staff did not include all six required assessment elements as listed above. In practice, none of the per diem staff were required to perform external liquid QC. This was found in three per diem staff files.

Chapter:

National Patient Safety Goals

Program:

Laboratory Accreditation

Standard:

NPSG.01.01.01

ESC 45 days

**Standard Text:** 

Use at least two patient identifiers when providing laboratory services.

**Primary Priority Focus** 

Patient Safety

Area:

#### **Element(s) of Performance:**

2. Label containers used for blood and other specimens in the presence of the patient.



Scoring

Category:

Score:

Insufficient Compliance

Observation(s):

Observed in Tracer Visit at Woods Memorial Hospital, LLC (886 Highway 411 North, Etowah, TN) site for CLIA #(s) 44D0309512.

Approximately 40% of the blood gas syringes in the sharps container by the i-stat blood gas instrument were unlabeled. The sample container must be labeled in the presence of the patient and maintained throughout the analytic process (pre through post).

Chapter:

Quality System Assessment for Nonwaived Testing

Program:

Laboratory Accreditation

Standard:

QSA.01.01.01

ESC 60 days

**Standard Text:** 

The laboratory participates in Centers for Medicare & Medicaid Services (CMS)-

approved proficiency testing programs for all regulated analytes.

Note: This participation in the proficiency testing program includes the specialty of Microbiology, and subspecialties of Bacteriology, Mycobacteriology, Mycology,

Parasitology, and Virology; the specialty of Diagnostic Immunology, and subspecialties

of Syphilis Serology and general Immunology; the specialty of Chemistry, and subspecialties of routine Chemistry, Endocrinology, and Toxicology; the specialty of Hematology (including routine Hematology and Coagulation); the subspecialty of

Cytology (limited to gynecologic examinations); and the specialty of

Immunohematology (ABO group and Rho(D) typing, unexpected antibody detection,

compatibility testing, and antibody identification).

**Primary Priority Focus** 

Area:

Organizational Structure

#### **Element(s) of Performance:**

5. For each specialty, subspecialty, analyte, or test, the laboratory's proficiency testing results meet satisfactory performance criteria in accordance with law and regulation.

Note 1: Satisfactory performance criteria in the Clinical Laboratory Improvement Amendments of 1988 (CLIA '88), Subpart H, include the following:

- Participating in a proficiency testing event. Failure to participate in a proficiency testing event results in a score of 0 for the testing event.
- Attaining a score of at least 80% for all specialties, subspecialties, or tests, except ABO group and Rho(D) typing and compatibility testing
- Attaining a score of 100% for ABO group and Rho(D) typing or compatibility testing
- Returning proficiency testing results to the proficiency testing provider within the time frame specified by that provider. Failure to return proficiency testing results to the proficiency testing provider within the time frame specified by that provider results in a score of 0 for the testing event.

- Submitting all results on the proficiency testing form. Omission of results could lead to a failure of attaining the score necessary for satisfactory performance.

Note 2: Most proficiency testing events with fewer than 10 participants automatically result in a score of 100% for the event. These challenges are not sufficient for demonstrating that the laboratory has met satisfactory performance criteria. If this occurs, laboratories must supplement with either interlaboratory comparisons as specified under QSA.01.05.01 or non—Centers for Medicare & Medicaid Services (CMS)—approved proficiency testing provided by the instrument manufacturer.

(For proficiency testing events in which the laboratory achieves satisfactory performance but has unacceptable proficiency testing results, see also QSA.01.02.01, EP 2)

Scoring

Category: C

Score:

Insufficient Compliance

#### Observation(s):

EP 5

Observed in Proficiency Testing at Woods Memorial Hospital, LLC (886 Highway 411 North, Etowah, TN) site for CLIA #(s) 44D0309512.

The laboratory received unsatisfactory scores for Acetaminophen (60%), TIBC (calculated-40%) and Salicylates (60%) in the 3rd event of 2011. All remedial action was documented.

Observed in Proficiency Testing at Woods Memorial Hospital, LLC (886 Highway 411 North, Etowah, TN) site for CLIA #(s) 44D0309512.

The laboratory received an unsatisfactory score of 20% for salicylates in the 3rd event of 2012. Remedial action was documented.

Observed in Proficiency Testing at Woods Memorial Hospital, LLC (886 Highway 411 North, Etowah, TN) site for CLIA #(s) 44D0309512.

The laboratory received unsatisfactory scores of 60% for salicylates, 50% ammonia and 0% for Free PSA in the 2nd event of 2013. Remedial action was documented.

Chapter:

Quality System Assessment for Nonwaived Testing

Organization Identification Number: 3942

Page 5 of 8



Program:

Laboratory Accreditation

Standard:

QSA.02.03.01

ESC 60 days

**Standard Text:** 

The laboratory performs calibration verification.

**Primary Priority Focus** 

**Analytic Procedures** 

Area:

**Element(s) of Performance:** 

3. Calibration verification is performed every six months. Note: Semiannual calibration verification is not required when the laboratory performs calibration at least once every six months using three or more levels of calibration materials that include a low, mid, and high value.



Scoring

Category:

Score:

Insufficient Compliance

#### Observation(s):

EP3

Observed in Regulatory Review at Woods Memorial Hospital, LLC (886 Highway 411 North, Etowah, TN) site for CLIA #(s) 44D0309512.

The laboratory was not performing calibration verification every six months for d-dimer testing as required.

Chapter:

Quality System Assessment for Nonwaived Testing

**Program:** 

Laboratory Accreditation

Standard:

QSA.02.04.01

ESC 60 days

Standard Text:

The laboratory evaluates instrument-based testing with electronic or internal systems

prior to using them for routine quality control.

**Primary Priority Focus** 

**Analytic Procedures** 

Area:

Element(s) of Performance:

6. The laboratory performs external quality controls at the following frequencies:



- As defined by the evaluation (either weekly or monthly)
- According to the manufacturer's recommendations
- With each new lot number, shipment, or package of reagents

The external quality control results are documented.

Scoring

Category:

Score:

Insufficient Compliance

#### Observation(s):

Observed in Document Review at Woods Memorial Hospital, LLC (886 Highway 411 North, Etowah, TN) site for CLIA # (s) 44D0309512.

The external blood gas controls were not performed monthly as required for blood gas testing on the i-stat analyzers. The longest period was from 5/3/2013 to 6/21/2013 or 49 days. Another period was 37 days and many were over 34 days. Monthly means every 31 days and not during the month.

Quality System Assessment for Nonwaived Testing Chapter:

Program: Laboratory Accreditation

Standard: QSA.05.18.01

The organization has policies and procedures to monitor and evaluate the patient and **Standard Text:** 

report suspected transfusion-related adverse events.

**Primary Priority Focus** Communication

Area:

**Element(s) of Performance:** 

7. The organization follows its policies and procedures that guide the monitoring of the patient and the reporting of suspected transfusionrelated adverse events during blood and blood component administration.



ESC 60 days

ESC 45 days

Scoring

Category:

Insufficient Compliance Score:

Observation(s):

EP 7

Observed in Tracer Activities at Woods Memorial Hospital, LLC (886 Highway 411 North, Etowah, TN) site for CLIA # (s) 44D0309512.

Nine units given in the OR over five hours (1300-1800 hrs) on one patient did not have start or stop times. The anesthesia record had temperatures every 30 minutes but without start/ stop times it was not able to be determined if 15 minute vitals were monitored. One unit given in the ED under emergency release and one unit given in the OR for another patient did not have the signatures of the two nurses who confirm identity of patient to unit. In both examples above staff did not follow policy and procedure.

Waived Testing Chapter:

Program: Laboratory Accreditation

WT.05.01.01 Standard:

The organization maintains records for waived testing. Standard Text:

**Primary Priority Focus** Information Management

Area:

#### **Element(s) of Performance:**

3. Quantitative test result reports in the patient's clinical record for waived testing are accompanied by reference intervals (normal values) specific to the test method used and the population served. (See also DC.02.03.01, EP 14)

4

Note 1: Semiquantitative results, such as urine macroscopic and urine dipsticks, are not required to comply with this element of performance. Note 2: If the reference intervals (normal values) are not documented on the same page as and adjacent to the waived test result, they must be located elsewhere within the patient's permanent clinical record. The result must have a notation directing the reader to the location of the reference intervals (normal values) in the patient's clinical record.

Scoring

Category:

Α

Score:

Insufficient Compliance

#### Observation(s):

FP 3

Observed in Tracer Activities at Woods Memorial Hospital, LLC (886 Highway 411 North, Etowah, TN) site for CLIA # (s) 44D0309512.

The whole blood glucose values documented in the patient's diabetic record were not accompanied by reference range nor an annotation to where it could be found.



Woods Memorial Hospital Etowah, Tennessee (423) 263-3600

May 23, 2006

Woods Memorial Home Health Agency Etowah, Tennessee (423) 263-3628

McMinn Memorial Nursing Home Etowah, Tennessee (423) 263-3647

Woods Regional Dialysis Center Etowah, Tennessee (423) 263-3666

Woods Multi-Specialty Clinic Etowah, Tennessee (423) 263-3743

McMinn Co.Ambulance Service, Inc. Athens, Tennessee (423) 745-3336

Woods Memorial Auxiliary Etowah, Tennessee (423) 263-3627

Woods Memorial Occupational Health Etowah, Tennessee (423) 263-6154 Faye Vance, RN, BS, MSN
Public Health Nurse Consultant Manager
Tenn. Department of Health
5904 Lyons View Pike, Building 1
Knoxville, Tennessee 37939

Dear Ms. Vance:

Enclosed please find our revised Plan of Correction in response to the April 25, 2006 survey completed at Woods Memorial Hospital. This Plan of Correction has been revised from our May 18 response to include appropriate dates.

Please contact my office immediately if any other items are needed.

Sincerely,

David M. Southerland Administrator/CEO



886 Highway 411 North Etowah, Tennessee 37331 (423) 263-3600

Division	of Health Care Faci	lities					Т	
STATEMENT OF DEFICIENCIES (X1) PROVIDER/SUPI		(X1) PROVIDER/SUPPLIE IDENTIFICATION NUM	JMBER: A. BUILDIN				(X3) DATE SURVEY COMPLETED	
TNP53182		TNP53182		B. WING			04/25/2006	
NAME OF P	ROVIDER OR SUPPLIER			DRESS, CITY, S		CODE		
886		886 HIGH ETOWAH,	HIGHWAY 411 NORTH WAH, TN 37331					
(X4) ID PREFIX TAG	/EACH DEFICIENCY	TEMENT OF DEFICIENCIE MUST BE PRECEEDED BY SC IDENTIFYING INFORM	FULL	ID PREFIX TAG	(EA	PROVIDER'S PLAN OF CORRECTION SHOWS ACTION	OULD BE	(X5) COMPLETE DATE
	1200-8-105 (11) A Transfers  (11) As needed, the or interested perso counseled to prepare the patient and/or for the patient and/or for the patient and/or for the patient and/or for the findings included the findin	Admissions, Discharge patient and family mans must be taught and the patient as evidenced by record review, facility with a facility failed to family of pertinent information post-hospital care for ients sampled.  In the out-patient dia Department with a lost of was subsequently a riew of lab work drawn 6, 2006, revealed the e654 (normal 74-118 aled the patient's dail March 6, 2006, 9:30 a.m., 89, 11:00 a.m., 206; March 7, 200 m., 318. Fiew of the list of hom led the following: NPI eyated blood glucosed Humalog Insulin, ar ications. Medical rec	des and dembers d/or pital care.  repolicy of inform or one  on March etes, de patient lysis clinic ss of dmitted. on patient's demoderal designed a.m.; 333, on., 4:00 demoderal demodera	H 518	2.	Supervisors on each nursing unit will inset the nursing staff of deficiencies. Dates: ICU - 5/18/06 Surgery/SDS - 5/22/06 Emergency Room - 5/22 5/24/06 Med-Surgical - 5/22/06, 5/23/06, 5/31/06  Development of Dise Medication Order Standard Standa	charge neet - 2/06. sician, heet to or ember. cions to arge, enue and	
	revealed, "NPH dailySSI (sliding glucose elevations	order dated March 6, (Insulin) 70/3015 UI scale Insulin - used v s not controlled by rou	NITS vith blood utine dose)		4>	medication will be d	lue.	(X6) DATE
LABORATOR	RY DIRECTOR'S OR PHOV	IDER/SUPPLIER REPRESE	NTATIVE'S SIG	SNATURE	HDMM	NISTRATOR/CEO	5/2	13/06

STATE FORM

9

If continuation sheet 1 of

Division of Health Care Facilities

STATEMENT	OF DEFICIENCIES
AND PLAN OF	F CORRECTION

(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:

(X2) MULTIPLE (	CONSTRUCTION
A. BUILDING	

(X3) DATE SURVEY COMPLETED

TNP53182

B. WING

04/25/2006

NAME OF PROVIDER OR SUPPLIER

STREET ADDRESS, CITY, STATE, ZIP CODE

886 HIGHWAY 411 NORTH WOODS MEMORIAL HOSPITAL

WOODS	MEMORIAL HOSPITAL ETO	WAH, TN 37331	1
(X4) ID SUMMARY STATEMENT OF DEFICIENCIES PREFIX (EACH DEFICIENCY MUST BE PRECEEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)		ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY) (X5) COMPLETE DATE
H 518	REGULATORY OR LSC IDENTIFYING INFORMATION)	H 518  ed  ons me,  y  ut ng edid ew and ne  H 677	CROSS-REFERENCED TO THE APPROPRIATE
	The findings included:	7.5	

JCJU11

Division of Health Care Facilities

STATEMENT	OF	DEFICIENCIES
AND PLAN OF	F C	ORRECTION

(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:

(X	2) MULTIPLE	CONSTRUCTION
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(X3) DATE SURVEY COMPLETED

TNP53182

04/25/2006

NAME OF PROVIDER OR SUPPLIER

STREET ADDRESS, CITY, STATE, ZIP CODE

B. WING

886 HIGHWAY 411 NORTH

WOODS	MEMORIAL HOSPITAL		, TN 37331				
(X4) ID PREFIX TAG			L PREFIX N) TAG		PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		
H 677	Continued From page 2		H 677				
	Patient #7 was admitted to the hospital	on March		1.	Inservice the nursing staff of deficiencies.		

Seizure Disorder, and Renal Failure. The patient was transferred from the out-patient dialysis clinic to the Emergency Department with a loss of consciousness and was subsequently admitted. Medical record review revealed the patient had elevated blood glucose as follows: lab work drawn on admission, March 6, 2006, revealed the patient's blood glucose to be 654 (normal 74-118); and daily blood sugars as follows: March 6, 2006, 9:30 a.m.; 333, March 7, 2005, 7:00 a.m., 89, 11:00 a.m., 4:00 p.m., 115, 9:00 p.m., 206; March 7, 2006, 7:00 a.m., 72, 11:00 a.m., 318. Medical record review revealed the care plan did not address the patient's diabetes or renal failure and no coordination of care was accomplished with the dialysis clinic. Interview with the Director of Nursing on April 25, 2006, at 11:50 a.m., confirmed the care plan did not address the patient's diabetes or renal failure.

H 681 1200-8-1-.06 (4)(j) Basic Hospital Functions

- (4) Nursing Services.
- (j) All drugs, devices and related materials must be administered by, or under the supervision of, nursing or other personnel in accordance with federal and state laws and regulations, including applicable licensing requirements, and in accordance with the approved medical staff policies and procedures

This Statute is not met as evidenced by: Based on observation, facility policy review and interview, the facility failed to follow the policy related to care of a central intravenous (I.V.) line for one patient (#4) and two patients (#4, #2) I.V.

- Dates: ICU - 5/18/06 Med -Surgical - 5/22/06, 5/23/06, 5/31/06 Discuss development of appropriate care plan related to patient's hospital admission.
- Development of Dialysis 2. Transfer Form- May 1, 2006, implementation 5/22/06. Documentation of patient's care, labs, medication record, etc., and also phone communication with dialysis nurse.

Audit patient's medical record daily and report deficient practices for timely improvement to the charge nurse. To be performed by med-surgical unit secretary and ICU nursing staff.

3.

H 681

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							FORM /	APPROVED
Division	of Health Care Faci	lities	-1-11-1					
STATEMEN	T OF DEFICIENCIES	(X1) PROVIDER/SUPPLIE	R/CLIA	(X2) MULTI	PLE CONS	TRUCTION	(X3) DATE SU COMPLE	
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WOODS	MEMORIAL HOSPITA	AL	ETOWAH,	TN 37331				
0/ 0 / 10	SUMMARY STA	ATEMENT OF DEFICIENCIE	S	ID		PROVIDER'S PLAN OF CORRECT	TION	(X5) COMPLETE
(X4) ID PREFIX	/EACH DEFICIENCY	MUST BE PRECEEDED B	/ FULL	PREFIX TAG	CRO	ACH CORRECTIVE ACTION SHO SS-REFERENCED TO THE APPR	ROPRIATE	DATE
TAG	REGULATORY OR L	SC IDENTIFYING INFORMA	(TION)	140		DEFICIENCY)		
				H 681		r	=toff	
H 681	Continued From pa	age 3		H 00 I	1.	Inservice all nursing		
	tubings were not da	ated and labeled in a	ccordance			on deficiencies. Rev	iew	
	with the facility's an	proved medical staff	policies			present policies for		
	and procedures. It	n addition, the facility	failed to			appropriate documer	ıtation	
	use the auditory ala	arms to monitor the t	elemetry			of dressing changes	and	
	device of one patie	ent in the intensive ca	re unit.			labeling for IV tubin	g	
		lad:				changes.		
	The findings includ	leu.				Dates:		
	Observation on An	ril 24, 2006, at 2:30 p	o.m.,			ICU - 5/18/06		
	revealed two patier	nts on the surgical ur	nit			Surgery/SDS - 5/22/06		
	receiving I.V. thera	pies. Observation re	evealed			Emergency Room - 5/22	2/06 &	
	one of the two patie	ents (#4) had a centr	al			5/24/06		
	intravenous line wh	nich was covered with	1 a			Med-Surgical - 5/22/06,		
	dressing, but the a	pplication date of the	as not			5/23/06, 5/31/06		Ĭ
	was not present. A	Also, the I.V. tubing we tubing began to be	used.					
	Observation of pat	ient #2 revealed the	patient		2.	Daily chart audits of		1
	receiving I.V. thera	py and the I.V. tubing	did not		1	documentation of dr	essing	
	have a label.					changes, labeling of	ΓV	
	Review of the facili	ity's policy "Moisture	Vapor			tubing, and surveilla		
	Permeable Transp	arent Dressing for P	eripheral			rounds by the charge		
	and Central Line IV	/ Sites" revealed, "	.FUI ssing after			for compliance of po		Î
	Central IV, remove	e the transparent dres be a dressing label no	ear the			for compnance of pe	illoios.	
	transparent dressi	ng or write on a corn	er of the		_	Added to TV there-	DT	
	dressing itself: the	date of insertion, da	te of		3.	Added to IV therapy		
	dressing change, i	nitials of person char	nging			form criteria sheet, o		
	dressing." Medica	I record review revea	led the			line dressing change		
	dressing had not b	een changed since A	April 18,		i	48 to 72 hours as evi		
	2006, (six days). (	Observation of patier ent receiving I.V. ther	nt#∠			by documentation or		
1	revealed the reside	ent receiving i.v. thei	apy and	1		A STATE OF THE STA		

the I.V. tubing was not labeled with the date the

tubing began to be used. Review of the facility's IV Policy revealed, "...IV tubing will be changed every seventy two (72) hours. New tubing will be

labeled with a sticker noting date of next change

or date changed." Interview with the registered nurse (RN) on April 24, 2006, at 4:00 p.m., confirmed patient #4 had not received the proper care of the central I.V. line and the patients

6899

dressing site and patient's

data will be reported in quarterly PI meetings

starting July, 2006.

medical record. Results of

Division of Health Care Facilities

STATEMENT	OF DEFICIENCIES
AND PLAN OF	F CORRECTION

(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:

(X2) MULTIPLE	CONSTRUCTION
A. BUILDING	-

(X3) DATE SURVEY COMPLETED

TNP53182

B. WING

04/25/2006

NAME OF PROVIDER OR SUPPLIER

WOODS MEMORIAL HOSPITAL

STREET ADDRESS, CITY, STATE, ZIP CODE

886 HIGHWAY 411 NORTH ETOWAH, TN 37331

WOODS MEMORIAL HOSPITAL ETOWAH,			IN 37331			,
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEEDED BY REGULATORY OR LSC IDENTIFYING INFORMA	FULL	ID PREFIX TAG	(E	PROVIDER'S PLAN OF CORRECTION ACH CORRECTIVE ACTION SHOULD BE SS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
H 689	receiving intravenous therapy were to hat I.V. dressing sites dated and the I.V. tub dated.  Observation of the intensive care unit (ICApril 24, 2006, at 2:45 p.m., revealed the telemetry monitor alarms turned to the "position for a patient being monitored frodifferent floor in the hospital. Interview of ICU nurse manager at the time of discoverevealed the telemetry monitor interpret patient's cardiac rhythm as "asystole" (at that has quit beating) if the alarms are to "on." Interview with the nurse manager revealed, "if a patient is admitted to that the floor we cannot interpret the rhythm Interview with the nurse manager on Ap 2006, at 2:50 p.m., confirmed the facility adequately monitoring the cardiac rhythm 1200-8-106 (5)(d) Basic Hospital Function (5) Medical Records.  (d) The hospital must maintain a medic for each inpatient and outpatient. Medic records must be accurate, promptly comproperly filed and retained, and accessinospital must use a system of author identification and record maintenance the ensures the integrity of the authentication protects the security of all record entries.  This Statute is not met as evidenced by Based on medical record review and intercords for one (#7) of thirteen patients and falled to assure accuracy of a physorder for one of two medication pass	CU) on e off' om a with the very the heart urned of ICU part of right." ril 24, was not m. tions cal record cal npleted, ble. The nat on and s. v: terview, nedical sampled,	H 689	<ul><li>4.</li><li>5.</li><li>7.</li></ul>	Inservice all ICU nursing staff on 5/18/06 of deficiency and not turning off cardiac monitor at any time.  Moved telemetry patient on April 24, 2006 from room #5 to room #41 where reception for cardiac monitor was visible for recording.  Reported problems with telemetry monitoring for rooms #5-9 to the biomedical technician on April 24, 2006.  Bio-medical technician evaluated telemetry antennas on med-surgical and ICU unit on 4/26/06. On 5/8/06 cleaned antenna areas and found the power supply was bad for cardiac monitoring in rooms #5-9 and replaced the power source. Bio-medical will perform annual preventative maintenance and will monitor and report in the Safety Committee.	

JCJU11

Division of Health Care Faci	lities	
STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) I

TNP53182

MULTIPLE CONSTRUCTION

A. BUILDING B. WING \_\_\_\_

(X3) DATE SURVEY COMPLETED

04/25/2006

NAME OF PROVIDER OR SUPPLIER

STREET ADDRESS, CITY, STATE, ZIP CODE

886 HIGHWAY 411 NORTH

		ETOWAH,	MAY 411 NO TN 37331	KIR		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEEDED BY REGULATORY OR LSC IDENTIFYING INFORMA	FULL	ID PREFIX TAG	(F	PROVIDER'S PLAN OF CORRECTION ACH CORRECTIVE ACTION SHOULD BE \$S-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
H 689	Continued From page 5 observations.  The findings included:  Patient #7 was admitted to the hospital of 2006, with diagnoses to include Diabe Seizure Disorder, and Renal Failure. The was transferred from the out-patient dial to the Emergency Department with a los consciousness and was subsequently as Medical record review revealed the follo physician orders for Insulin: March 6, 20 "NPH 70/30 15 unitsdaily", and Ma 2006, "NPH 15 unitsdaily", Medic review of the MAR (medication administ record) dated March 6, 2007, revealed "70/30" with the 70/30 crossed out, ma MAR read "NPH" Interview with the of Nursing on April 25, 2006, at 11:50 acconfirmed the initial order for Insulin she have been crossed through. Interview of Director of Nursing confirmed the new in order should have been transcribed on seperately with the appropriate date and information.  Observation of medication pass on April 2006, at 2:00 p.m., revealed the MAI (Medication Administration Record) rea "Wellbutrin XR 150 mg" Medical review of the physician order dated April 2005, read, "Wellbutrin XR 150 mg" Medical review of the physician order dated April 2005, read, "Wellbutrin XR 150 mg" with the pharmacist on April 25, 2006, at 2:10 p.m., revealed the pharmacist decided Wellbutrin is only available in XL and Supply the nursing staff with Wellbutrin Interview with the pharmacist on April 2 at 2:10 p.m., confirmed the physician had a 2:10 p.m., confirmed the physician had a 2:10 p.m., confirmed the physician had a 2:10 p.m., confirmed the physician ha	e patient lysis clinic lysis cl	H 689	2.	Inservice all nursing staff of deficiencies. Review present policy of correct procedure in transcribing and documentation appropriately on the MAR. Dates: ICU - 5/18/06 Surgery/SDS - 5/22/06 Emergency Room - 5/22/06 & 5/24/06 Med-Surgical - 5/22/06, 5/23/06, 5/31/06  Chart audit daily for documentation and correct procedure for appropriate charting, to be performed by med-surgical unit secretary and nursing staff.  All pharmacy staff will be required to clarify any questionable orders daily.  Once clarified, a clarification order will be written in the patient's chart and transcribed to the patient's MAR.	

FORM APPROVED Division of Health Care Facilities (X3) DATE SURVEY (X2) MULTIPLE CONSTRUCTION (X1) PROVIDER/SUPPLIER/CLIA STATEMENT OF DEFICIENCIES COMPLETED IDENTIFICATION NUMBER: AND PLAN OF CORRECTION A. BUILDING B. WING \_ 04/25/2006 TNP53182 STREET ADDRESS, CITY, STATE, ZIP CODE NAME OF PROVIDER OR SUPPLIER 886 HIGHWAY 411 NORTH **ETOWAH, TN 37331** WOODS MEMORIAL HOSPITAL PROVIDER'S PLAN OF CORRECTION SUMMARY STATEMENT OF DEFICIENCIES COMPLETE (EACH CORRECTIVE ACTION SHOULD BE (X4) ID (EACH DEFICIENCY MUST BE PRECEEDED BY FULL PREFIX DATE CROSS-REFERENCED TO THE APPROPRIATE PREFIX REGULATORY OR LSC IDENTIFYING INFORMATION) TAG TAG DEFICIENCY) H 689 Continued From page 6 H 689 been called to clarify the intended order. Inservice all nursing staff of H 706 H 706 1200-8-1-.06 (6)(a) Basic Hospital Functions 1. deficiencies. (6) Pharmaceutical Services. Dates: Med-Surgical - 5/22/06, (a) The hospital must have pharmaceutical 5/23/06, 5/31/06 services that meet the needs of the patients and are in accordance with the Tennessee Board of Provided a thermometer for Pharmacy statutes and regulations. The medical 2. staff is responsible for developing policies and second refrigerator on medprocedures that minimize drug errors. This surgical unit on May 1, function may be delegated to the hospital's 2006. organized pharmaceutical service. Log sheet provided for the 3. This Statute is not met as evidenced by: second refrigerator on the Based on observation and interview, the facility med-surgical unit on May failed to maintain equipment to safely store 1, 2006 for documentation medications for one of one medication room of temperatures. refrigerators sampled. Daily surveillance of

The findings included:

Observation of the medication room refrigerator for medications on April 25, 2006, at 9:30 a.m., revealed the refrigerator had no thermometer or logbook of temperatures recorded. Observation revealed the refrigerator contained the following temperature sensitive medications: Dilantin injection (seizure medication) and tuberculin skin testing injection. Interview with the Director of the Medical Surgical Unit on April 25, 2006, at 9:30 a.m., confirmed the temperature of the refrigerator should be monitored.

H 845 1200-8-1-.07 (8)(a) Optional Hospital Services

H 845

4.

JCJU11

documentation of the

checking refrigerator

temperature log for each

for compliance.

shift.

refrigerator temperature log

Medication nurses on med-

surgical unit responsible for

(8) Pediatric Services.

Division of Health Care Facilities

STATE FORM

							FORM /	APPROVEC
STATEMEN	of Health Care Facing of Deficiencies of Correction	(X1) PROVIDER/SUPPLIE IDENTIFICATION NUMBER TNP53182	MBER:		3 <u></u>		(X3) DATE SU COMPLE 04/2	
	ROVIDER OR SUPPLIER	AL	886 HIGH	ORESS, CITY, S WAY 411 NO TN 37331		CODE		
(X4) ID PREFIX TAG	JEACH DEFICIENCY	ATEMENT OF DEFICIENCIE MUST BE PRECEEDED BY SC IDENTIFYING INFORM	YFULL	ID PREFIX TAG	(EA	ROVIDER'S PLAN OF CORREC CH CORRECTIVE ACTION SHO S-REFERENCED TO THE APPR DEFICIENCY)	ULD BE	(X5) COMPLETE DATE
H 845	shall provide approsupplies.  This Statute is not Based on observation of the pediatric in-patient a.m., revealed the to include "Narca over sedation from Observation of the pediatric in-patient a.m., revealed no Interview with the at 9:30 a.m., confin ordered "some tined adult dosage to pediatric patient and not been made adult dosage to pediatric patient and pediatric patient at 9:30 a.m., confin ordered "some tined pediatric patient and pediatric patient and pediatric patient at 9:30 a.m., confin ordered "some tined pediatric page to pediatric page	emergency cart on the floor on April 25, 200 emergency cart on the floor on April 25, 200 emergency cart on the floor on April 25, 200 emergency medication). The emergency cart on the floor on April 25, 200 emergency cart on the floor on April 25, 200 emergency cart on the floor on April 25, 200 emergency cart on the floor on April 25, 200 emergency cart on the floor on April 25, 200 emergency cart on the floor on April 25, 200 emergency cart on the floor on April 25, 200 emergency cart on the floor on April 25 emergency	y: e facility as for use ency carts  the 26, at 9:30 ons were eatment of the 25, 2006, een sion table o convert	H 845	1. 2.	Pediatric Narcan is relonger manufactured.  Inservice staff on the calculation/education conversion table of a dosage to pediatric of on 4/25/06.  Guidelines for diluting adult concentration been approved by the Pharmacy and There Committee on 5/9/0 Diluting guidelines would dead to each crash 4/25/06.  Crash carts will be monitored monthly outdated items and monitors will be purplace to add these guidelines to each coart.	I.  In on adult dosage and the have apeutics and fill be cart on for the in the cart on the cart of the cart on the cart of th	

FORM APPROVED Division of Health Care Facilities (X3) DATE SURVEY (X2) MULTIPLE CONSTRUCTION (X1) PROVIDER/SUPPLIER/CLIA STATEMENT OF DEFICIENCIES COMPLETED IDENTIFICATION NUMBER: AND PLAN OF CORRECTION A. BUILDING 01 - MAIN B. WING \_ 04/25/2006 TNP53182 STREET ADDRESS, CITY, STATE, ZIP CODE NAME OF PROVIDER OR SUPPLIER 886 HIGHWAY 411 NORTH WOODS MEMORIAL HOSPITAL **ETOWAH, TN 37331** PROVIDER'S PLAN OF CORRECTION (X5) COMPLETE SUMMARY STATEMENT OF DEFICIENCIES (X4) ID (EACH CORRECTIVE ACTION SHOULD BE (EACH DEFICIENCY MUST BE PRECEEDED BY FULL PREFIX DATE CROSS-REFERENCED TO THE APPROPRIATE PREFIX REGULATORY OR LSC IDENTIFYING INFORMATION) TAG TAG DEFICIENCY) H 871 1. Smoke detectors were 1200-8-1-.08 (1) Building Standards H 871 moved on 4/26/06 in (1) The hospital must be constructed, arranged, Pharmacy and ICU soiled and maintained to ensure the safety of the utility cart room. A survey patient. was conducted on all rooms throughout hospital to find This Statute is not met as evidenced by: other detectors that may be Based on observation, the facility failed to assure in violation on 5/9/06. smoke detectors are installed in accordance with NFPA 72. Safety Officer will monitor The findings include: during semi-annual hazard surveillance rounds Observation on April 6, 2006 at 10:00 a.m. throughout hospital and revealed smoke detectors installed within three feet of the air diffuser in the following areas. reported to Safety Committee meetings. 1. Pharmacy. 2. ICU soiled utility room. A large metal cabinet was 2. moved on 4/26/06 in x-ray Based on observation, the facility failed to assure hallway in the presence of fire doors are clear and free from obstructions. x-ray director and surveyor. The findings include: Hazard surveillance rounds Observation on April 25, 2006 at 9:30 a.m. will be conducted by Safety revealed the fire doors in the X Ray department Officer semi-annually along were obstructed by a large metal cabinet with daily inspections by preventing them from opening. director.

Division of Health Care Facilities LABORATORY DIRECTOR'S OR PROVIDER SUPPLIER REPRESENTATIVE'S SIGNATURE

H 902 1200-8-1-.09 (2) Life Safety

(2) The hospital shall provide fire protection by

of necessary fire fighting equipment and by the adoption of a written fire control plan. Fire drills

the elimination of fire hazards, by the installation

shall be held at least quarterly for each work shift

patient-occupied hospital building. There shall be

for hospital personnel in each separate

H 902

TITLE

Committee.

Monitoring will be

Safety Officer to be

reported in Safety

performed by director and

(XB) DATE

HDMINISTATOR/CFO

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION

(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER

(X2) MULTIPLE CONSTRUCTION 01 - MAIN

A BUILDING B WING

(X3) DATE SURVEY COMPLETED

04/25/2006

TNP53182

NAME OF PROVIDER OR SUPPLIER		STREET ADDRESS, CITY, STATE, ZIP CODE				
NAME OF PROVIDER OR SUPPLIER		886 HIGH ETOWAH,	WAY 411 NO TN 37331	RTH		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIE (EACH DEFICIENCY MUST BE PRECEEDED B) REGULATORY OR LSC IDENTIFYING INFORMA	( FULL	ID PREFIX TAG	(EA	PROVIDER'S PLAN OF CORRECTION ACH CORRECTIVE ACTION SHOULD BE SS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
H 902	a written report documenting the evaluate each drill and the action recommended for any deficiencies found. Records wh document and evaluate these drills must maintained for at least three (3) years. Which result in a response by the local of department shall be reported to the department shall be reported to the department information to ascertain the national location of the fire, its probable cause a injuries incurred by any person or person result of the fire. Initial reports by the far omit the name(s) of patient(s) and particular involved, however, should the department identities of such persons to be necess investigation, the facility shall provide sufformation.  Authority: T.C.A. §§4-5-202, 4-5-204, 668-11-204, 68-11-206, 68-11-209, and 68-11-216.  This Statute is not met as evidenced be Based on observation, the facility failed necessary fire safety equipment is instanced in the safety of all occupants.  The findings include:	or taken ich st be All fires fire contain ature and nd any ons as a cility may es ent find the ary to an uch 58-11-202,	H 902	2.	Pull stations for two exits were ordered for the lab on 4/26/06 from Building System Technology with installation and programming into hospital system by 5/29/06.  The facility will access all means of egress daily to evaluate safety and compliance per NFPA 101.  During planning and reconstruction phase a preassessment will be conducted for evaluation of Life Safety Codes per NFPA 101.  Low voltage wires were moved to adjacent hangers on 5/1/06.  All maintenance staff will be inserviced in June 2006 and outside contracts will	
	Observation on April 25, 2006 at 11:15 a.m. revealed the lab area consist of 1188 square feet and has no manual fire alarm pull station at the exits.				be inserviced prior to the beginning of work and instructed per NFPA 101	
	Observation on April 25, 2006 at 11:00 revealed at the west wing exit area above ceiling, low voltage wires were attache existing sprinkler piping.	ove the			Life Safety Codes.	

		mate:				FORM	APPROVED
Division	of Health Care Faci	lities					INDUIEW
STATEMENT OF DEFICIENCIES (X1) PROVIDER/SUPPLIER		R/CLIA		PLE CONSTRUCTION	(X3) DATE SI COMPLE		
AND PLAN	OF CORRECTION	IDENTIFICATION NUI	IVIDER.	A. BUILDIN			
ļ		TNP53182				04/2	5/2006
NAME OF P	ROVIDER OR SUPPLIER		0.		STATE, ZIP CODE		
	MEMORIAL HOSPITA	<b>AL</b>		WAY 411 NO TN 37331	DRTH		
(X4) ID PREFIX TAG	(EACH DEFICIENCY	TEMENT OF DEFICIENCIE MUST BE PRECEEDED BY SC IDENTIFYING INFORMA	/FULL	ID PREFIX TAG	PROVIDER'S PLAN OF CORREC (EACH CORRECTIVE ACTION SHO CROSS-REFERENCED TO THE APPF DEFICIENCY)	ULD BE	(X5) COMPLETE DATE
					District Safety Office Administrator will m for compliance during annual surveillance re	onitor g	

UW1D21



## STATE OF TENNESSEE **DEPARTMENT OF HEALTH**

OFFICE OF HEALTH LICENSURE AND REGULATION
EAST TENNESSEE REGION
5904 LYONS VIEW PIKE, BLDG. 1
KNOXVILLE, TENNESSEE 37919

May 2, 2006

Mr. David Southerland, Administrator Woods Memorial Hospital 886 highway 411 North Etowah TN 37331

#### Dear Administrator:

Enclosed is a Statement of Deficiencies which was developed as the result of the state licensure survey conducted at your facility on April 25, 2006. Corrective action must be achieved <u>prior to</u> June 10, 2006, the forty-fifth (45<sup>th</sup>) day from the date of survey. A revisit may be conducted to verify compliance.

Please develop a Plan of Correction for the deficiencies cited and return within ten (10) calendar days after receipt of this letter to:

Bureau of Health Licensure and Regulation Lakeshore Park, Building 1 5904 Lyons View Pike Knoxville, TN 37919

#### Your POC must contain the following:

- What corrective action(s) will be accomplished for those patients found to have been affected by the deficient practice;
- How you will identify other patients having the potential to be affected by the same deficiency practice and what corrective action will be taken;
- What measures will be put into place or what systemic changes you will make to ensure that the deficient practice does not recur; and,
- How the corrective action(s) will be monitored to ensure the deficient practice will not recur; i.e., what
  quality assurance program will be put into place.

If you have any questions, please contact this office at (865) 588-5656.

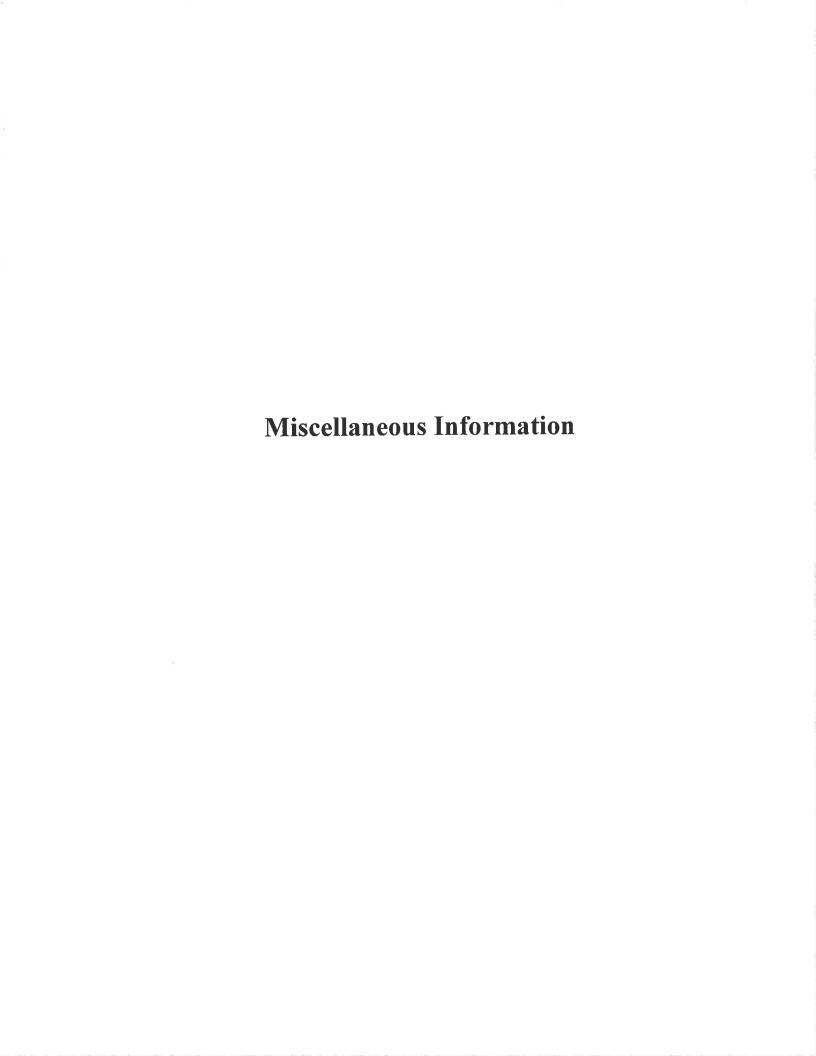
Sincerely,

Faye Vance, R.N., B.S., M.S.N.

Public Health Nurse Consultant Manager

FV:afl

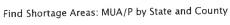
Enclosure: 2567



SEARCH







U. S. Department of Health & Human Services



U.S. Department of Health and Human Services Health Resources and Services Administration HRSA Data Warehouse 대 | HRSA.gov 년 Enter Keywords

⊕ HRSA Data Warehouse ○ HRSA,gov

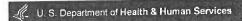
Powered by the HRSA Data Warehouse

## Find Shortage Areas: MUA/P by State and County

Shortage Designation Home Find Shortage Areas HPSA & MUA/P by Address HPSA by State & County **HPSA** Eligible for the Medicare Physician

Bonus Payment

2 3 A V		orio Assimble		
	Туре	Score	Designation Date	Update Date
MUA		43.20	1994/05/12	
	MUA			MUA 43.20 1994/05/12  MODIFY SEARCH CRITERIA





Physician Bonus Payment

U. S. Department of Health and Human Services Health Resources and Services Administration HRSA Data Warehouse 4 | HRSA.gov 4

Enter Keywords

SEARCH

HRSA Data Warehouse C HRSA,gov

Powered by the HRSA Data Warehouse

## Find Shortage Areas: MUA/P by State and County

Shortage Designation Home	Criteria: State: Tennessee County: McMinn County ID #: All
Find Shortage Areas	Results: 1 records found.
HPSA & MUA/P by Address	Name ID# Type Score Designation Date Update Date  McMinn County 57.09 4078/44/04
HPSA by State & County	Mcminn Service Area 03211 MUA 57.00 1970/11/01
HPSA Eligible for the Medicare	NEW SEARCH MODIFY SEARCH CRITERIA





Payment

U. S. Department of Health and Human Services Health Resources and Services Administration HRSA Data Warehouse ☐ | HRSA.gov ☐

Enter Keywords

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## Find Shortage Areas: MUA/P by State and County

ge ID #: All							
Results: 1 rec	ords found.	MORROWS CONTINUES OF			THE COLUMN		
by Meigs County Meigs Service Ar	Name	03217	MUA	Туре	Score 27.40	Designation Date	Update D
by Weigs Service A							
e for		NEW SEARCH		27/07/11 19:24	SEARCH CRITI		





Bonus Payment U. S. Department of Health and Human Services Health Resources and Services Administration HRSA Data Warehouse 4 | HRSA.gov 4 Enter Keywords SEARCH HRSA Data Warehouse C HRSA.gov

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## Find Shortage Areas: MUA/P by State and County

Shortage Designation Home	Criteria: State: Tennessee County: Monroe County ID #. All	
Find Shortage Areas	Results: 1 records found.	
HPSA & MUA/P by Address HPSA by State & County	Name.  Monroe County  Monroe Service Area	ID#   Type   Score   Designation Date   Update Date
HPSA Eligible for the Medicare Physician	NEW SEARCH	MODIFY SEARCH CRITERIA









Payment

U. S. Department of Health and Human Services Health Resources and Services Administration

HRSA Data Warehouse	1	HRSA.gov ☐
Enter Keywords  HRSA Data Warehouse	_	SEARCH

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## Find Shortage Areas: MUA/P by State and County

tage gnation e	Criteria: State: Tennessee County: Polk County ID #: All						
tage s	Results: 2 records fou	nd.					
A & P by ess A by & ty	Polk County Turtletown Service Area MCD (90520) District 3	Name	07498	MUA	Score 57.30	Designation Date	Update Da
e for are ian		NET	W SEARCH	MOD	IFY SEARCH CRITE	RIA	

Midmonth Report for October 2013

\* This report is a count of people taken in the middle of the month for which the report was run.

\* This report is run three months after the month of the report in an effort to reduce fluctuations in the results.

MCO	REGION	Total
Awaiting MCO assignment		444
AMERIGROUP COMMUNITY CARE	Middle Tennessee	171,121
BLUECARE	East Tennessee	211,799
BLUECARE	West Tennessee	175,851
TENNCARE SELECT	All	46,082
UnitedHealthcare Community Plan	East Tennessee	194,853
	Middle Tennessee	197,590
	West Tennessee	173,621
Grand Total -		1,197,412

		Female		W. L. Statell	remale		Male	Section Control	September 1	MIDIO	
COUNTY	0-18	19-20	21-64	1 €	Total	0 - 18	19-20	21-64	65~	Total	Grand Total
ANDERSON		297		593	7,874	3,899	202	1,600	265	5,966	
BEDEOBD	3.364	228	183	258	6,112	3,503	117	959	110	4,690	
BENTON	892	82	ļ.	143	1,916	997	43	435	73	1,547	
BIEDSOF	736	54	慧	118	1,534	847	42	352	52	1,292	
BLOUNT	5.254	401		685	10,774	5,362	282	1,987	289	7,921	
BBADIEY	4.978	392	點	634	10,292	5,330	250	1,898	265	7,744	
CAMPBELL	2.676	231	3,004	656	6,567	2,778	191	1,657	369	4,996	11,563
CANNON	069	48	100	128	1,495	761	45	293	54	1,152	
CARROLL	1.616	171	١.	337	3,732	1,836	110	813	142	2,900	
CARTER	2.934	215	器	708	6,426	3,078	169	1,339	256	4,842	
CHEATHAM	1,779	140		181	3,532	1,876	105	654	75	2,709	
CHESTER	930	80	程	147	1,967	965	99	348	64	1,441	
CI AIBOBNE	1,835	170		538	4,398	1,947	112	1,169	247	3,475	
CIAY	488	35	湖	101	1,034	492	- 26	267	78	864	THE S
COCKE	2.532	204		447	5,538	2,640	156	1,334	214	4,344	
COEFFE	3.146	199	駋	381	6,389	3,189	121	1,160	170	4,640	
CROCKETT	1,020	17		207	2,038	952	26	337	75	1,421	
CUMBERLAND	2.836	722	醒	509	5,880	3,005	149	1,211	211	4,576	
DAVIDSON	36.288	2,317		3,193	68,886	37,355	1,700	10,151	1,492	50,698	
DECATIUS	578	61	8	197	1,372	999	33	323	73	1,096	1994
DEKAI B	1.220	69		196	2,497	1,266	55	522	101	1,944	
DICKSON	2,520	178	1	302	5,165	2,679	139	851	114	3,782	
DYFB	2.504	243	L	432	5,384	2,591	170	941	156	3,858	
EAVETTE	1,584	125		293	3,208	1,717	104	248	138	2,507	
FENTRESS	1,227	116		365	2,949	1,355	94	803	177	2,430	
FRANKLIN	1.743	138	舅	258	3,644	1,839	46	694	110	2,739	愚
GIBSON	2.922	242		605	6,473	3,119	197	1,182	260	4,757	
GILES	1,409	PHISTORY WITH		252	2,985	1,412	18	588	103	2,185	
GRAINGER	1,318	92		283	2,789	1,316	89	629	152	2,215	
CDEENE	3 178	233	ą	731	7 219	3 373	138	1 633	363	5.507	1000

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HABDEMAN	1.603	1	129 1,	1,487 33			84	751	160	2,604	6,161
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HAYWOOD	1,402	大坂の対人の対人の	韻	See See			88	440	108	2,150	5,289
HENDERSON	1.661	-					88	655	101	2,542	6,104
HENDY	1.867	THE PARTY SHE			THE ST		128	755	112	2,964	6,870
T WANT	1346						107	656	80	2,360	5,213
DICKIMAIN	407	STREET, GOLDEN	100	1000	THE STATE		25	190	89	725	1,639
OSION	457				L	3 992	32	386	71	1,481	3,430
HUMPHREYS	919	SHADOLOGICA	į	<b>HISSIP</b>	10000	200	33	343	93	1,151	2,550
JACKSON	0000		190	2220 490	5 728	2	129	1,110	211	4,386	10,114
DEFFERSON	2,013						20	561	151	1,736	3,894
JOHNSON	626	PARTICIPATION AND AND ADDRESS OF	MEGI	6	202504	li li	1000	6 635	1.018	26.545	
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AWRENCE	2/2/2	OCTOBODY TEACHER	recolor	Proposition	1 43	712	THE STATE OF	246	95	1,065	2.493
LEWIS	100			251 256	3 516		113	663	118	2.739	6,255
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OUDON	1,656	TOTAL STREET,		1338 259		L	83	671	115	2,574	L
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MADISON	3,000				249 3.598	1,659	86	662	136	2,556	6,154
MARION	1546	CONTRACTOR STATE	100	DELINED.		1000	9/	533	70	2,319	
MALIEY	4.185	. 2			547 8,429		206	1,315	190	6,165	
MOMINN	2,782	Manager 22	뭠				145	1,095	211	4,337	
MCNAIRY	1,682						118	902	195	2,960	
MEIGS	703	BANKS WAR	100	10 S			47	320	43	1,157	2,592
MONBOF	2,560	(4						1,186	254	4,406	
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MOORE	207					_		82	17	362	78
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OBION	1.774							296	109	2,701	6,510
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PICKETT	241	<b>医一种种种的多种</b>	Ħ					127	41	456	1,01
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PUTINAM	3,740	STORY STREET				3 3,864		1,687	324	6,087	30
BHFA	2,266							865	127	3,398	
BOANE	2,308	AND SHARING	200		528 5,359	9 2,626	119	1,288	218	4,25	9,610
BOBERTSON	3,411						127	888	167	4,757	
DITHEREORD	11.440	STATE OF THE REAL PROPERTY.		E VALUE	81 21,17	778,11 877	522	2,802	384	15,585	36,76
SCOTT	1,789		129 1		390 3,98	1,844	113	936	190	3,083	00
SECULATORIE	928		M.	The State of	54 1.9	096 0	53	420	55	1,482	3,42
SEVIER	4,638		315 3	3,068 4	57 8,47	4,973	162	1,270	161	6,566	15,04
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MITH	1 007	j	l		2.104	1,024	46		64	1,547	
STEWART	649	Section of the second	. 590	22	1,436	714	33		26	1,094	
SININAN	7 049	56		-	15,625	7,494	421		575	11,827	27,452
SUMNED	069.9	46	4.05	-39	13,269	7,108	360	1	302	9,828	翻
TIPTON	3.379	28	B		6,681	3,558	215		146	4,861	
TROUGHATE	483	ALESPARE BRIDE		꽭	988	455	38		37	709	
INICOL	884	LC:	9		1.986	979	43		124	1,512	
INION	1301	SPECIAL PROPERTY.	400		2,466	1,279	63		81	1,945	
VAN BIBEN	287		9		628	314	16		45	530	
WADDEN	2582	NAME OF STREET	190	36	5.305	2,661	122		182	3,994	
NOTUNINGTON	4 886	40	8	ŧ.	11,067	5,100	294		394	8,055	
WAVNE	717	SCHOOL SECTION	200	100	1,598	788	46		17	1,240	100
WEAKIEV	1 684	219	1.504	323	3,729	1,746	113	735	111	2,705	6,434
WHITE	1575	STREET FREETY	545	8	3,351	1,658	103		120	2,642	
MOSMALLIMA	2.604	71	I.	١.	4,780	2,747	105		124	3,631	
WILEICHINGON	4212	Service State of Service Servi	99	풼	8.417	4.402	190	M	179	6,124	14,541
Great Total	338 056	25,725	27	46.842	690.475	352,086	18,138	-	19,872	506,936	1,197,411



Geography

Business

People



State & County QuickFacts

U.S. Department of Commerce

## **Bradley County, Tennessee**

People QuickFacts	Bradley County	Tennessee
Population, 2013 estimate	NA	6,495,978
Population, 2012 estimate	101,134	6,454,914
Population, 2010 (April 1) estimates base	98,963	6,346,113
Population, percent change, April 1, 2010 to July 1, 2013	NA	2.4%
Population, percent change, April 1, 2010 to July 1, 2012	2.2%	1.7%
Population, 2010	98,963	6,346,105
Persons under 5 years, percent, 2012	5.7%	6.3%
Persons under 18 years, percent, 2012	22.5%	23.1%
Persons 65 years and over, percent, 2012	14.9%	14.2%
Female persons, percent, 2012	51.3%	51.2%
White alone, percent, 2012 (a)	92.2%	79.3%
Black or African American alone, percent, 2012 (a)	4.6%	17.0%
American Indian and Alaska Native alone, percent, 2012 (a)	0.6%	0.4%
Asian alone, percent, 2012 (a)	1.0%	1.6%
Native Hawaiian and Other Pacific Islander alone, percent,	0.40/	0.1%
2012 (a)	0.1% 1.6%	1.6%
Two or More Races, percent, 2012	5.1%	4.8%
Hispanic or Latino, percent, 2012 (b)	87.9%	75.1%
White alone, not Hispanic or Latino, percent, 2012		
Living in same house 1 year & over, percent, 2008-2012	83.2%	84.4%
Foreign born persons, percent, 2008-2012	3.9%	4.5%
Language other than English spoken at home, pct age 5+, 2008-2012	5.7%	6.6%
High school graduate or higher, percent of persons age 25+, 2008-2012	81.7%	83.9%
Bachelor's degree or higher, percent of persons age 25+, 2008-2012	17.8%	23.5%
Veterans, 2008-2012	7,485	493,980
Mean travel time to work (minutes), workers age 16+, 2008-2012	21.2	24.1
Housing units, 2012	41,972	
Homeownership rate, 2008-2012	66.9%	
Housing units in multi-unit structures, percent, 2008-2012	17.8%	18.2%
Median value of owner-occupied housing units, 2008-2012	\$138,500	\$138,700
Households, 2008-2012	37,426	
Persons per household, 2008-2012	2.58	2.51
Per capita money income in past 12 months (2012 dollars), 2008-2012	\$21,327	
Median household income, 2008-2012	\$40,614	
Persons below poverty level, percent, 2008-2012	17.8%	17.3%
Business QuickFacts	Bradley County	Tennessee
Private nonfarm establishments, 2011	1,842	129,489 <sup>1</sup>
Private nonfarm employment, 2011	35,729	2,300,542 <sup>1</sup>
Private nonfarm employment, percent change, 2010-2011	2.3%	1.6% <sup>1</sup>
Nonemployer establishments, 2011	6,745	473,451
Total number of firms, 2007	8,469	545,348
Black-owned firms, percent, 2007	S	8.4%
American Indian- and Alaska Native-owned firms, percent, 2007	F	0.5%

State & County QuickFacts

### **McMinn County, Tennessee**

People QuickFacts	McMinn County	Tennessee
Population, 2013 estimate	NA	6,495,978
Population, 2012 estimate	52,416	6,454,914
Population, 2010 (April 1) estimates base	52,266	6,346,113
Population, percent change, April 1, 2010 to July 1, 2013	NA	2.4%
Population, percent change, April 1, 2010 to July 1, 2012	0.3%	1.7%
Population, 2010	52,266	6,346,105
Persons under 5 years, percent, 2012	5.7%	6.3%
Persons under 18 years, percent, 2012	22.2%	23.1%
Persons 65 years and over, percent, 2012	17.8%	14.2%
Female persons, percent, 2012	51.4%	51.2%
White alone, percent, 2012 (a)	92.9%	79.3%
Black or African American alone, percent, 2012 (a)	4.1%	17.0%
American Indian and Alaska Native alone, percent, 2012 (a)	0.4%	0.4%
Asian alone, percent, 2012 (a)	0.8%	1.6%
Native Hawaiian and Other Pacific Islander alone, percent,	Z	0.1%
2012 (a) Two or More Races, percent, 2012	1.8%	1.6%
Hispanic or Latino, percent, 2012 (b)	3.0%	4.8%
White alone, not Hispanic or Latino, percent, 2012	90.4%	75.1%
Living in same house 1 year & over, percent, 2008-2012	84.5%	84.4%
Foreign born persons, percent, 2008-2012	2.2%	4.5%
Language other than English spoken at home, pct age 5+, 2008-2012	3.3%	6.6%
High school graduate or higher, percent of persons age 25+, 2008-2012	79.3%	83.9%
Bachelor's degree or higher, percent of persons age 25+, 2008-2012	14.5%	23.5%
Veterans, 2008-2012	4,790	493,980
Mean travel time to work (minutes), workers age 16+, 2008- 2012	21.6	24.1
Housing units, 2012	23,286	
Homeownership rate, 2008-2012	73.7%	68.4%
Housing units in multi-unit structures, percent, 2008-2012	11.2%	18.2%
Median value of owner-occupied housing units, 2008-2012	\$109,800	\$138,700
Households, 2008-2012	20,612	2,468,841
Persons per household, 2008-2012	2.49	2.51
Per capita money income in past 12 months (2012 dollars), 2008-2012	\$19,805	\$24,294
Median household income, 2008-2012	\$38,944	\$44,140
Persons below poverty level, percent, 2008-2012	18.5%	17.3%
Business QuickFacts	McMinn County	Tennessee
Private nonfarm establishments, 2011	865	129,489 <sup>1</sup>
Private nonfarm employment, 2011	15,347	2,300,542 <sup>1</sup>
Private nonfarm employment, percent change, 2010-2011	10.0%	1.6% <sup>1</sup>
Nonemployer establishments, 2011	3,061	473,451
Total number of firms, 2007	3,847	545,348
Black-owned firms, percent, 2007	1.8%	8.4%
American Indian- and Alaska Native-owned firms, percent, 2007	F	0.5%

State & County QuickFacts

## Meigs County, Tennessee

People QuickFacts	Meigs County	Tennessee
Population, 2013 estimate	NA	6,495,978
Population, 2012 estimate	11,698	6,454,914
Population, 2010 (April 1) estimates base	11,753	6,346,113
Population, percent change, April 1, 2010 to July 1, 2013	NA	2.4%
Population, percent change, April 1, 2010 to July 1, 2012	-0.5%	1.7%
Population, 2010	11,753	6,346,105
Persons under 5 years, percent, 2012	4.9%	6.3%
Persons under 18 years, percent, 2012	21.1%	23.1%
Persons 65 years and over, percent, 2012	18.2%	14.2%
Female persons, percent, 2012	50.3%	51.2%
White alone, percent, 2012 (a)	96.3%	79.3%
Black or African American alone, percent, 2012 (a)	1.5%	17.0%
American Indian and Alaska Native alone, percent, 2012 (a)	0.8%	0.4%
Asian alone, percent, 2012 (a)	0.2%	1.6%
Native Hawaiian and Other Pacific Islander alone, percent,	0.0%	0.1%
2012 (a)	1.2%	1.6%
Two or More Races, percent, 2012	1.7%	4.8%
Hispanic or Latino, percent, 2012 (b) White alone, not Hispanic or Latino, percent, 2012	95.1%	75.1%
	88.2%	84.4%
Living in same house 1 year & over, percent, 2008-2012	0.3%	4.5%
Foreign born persons, percent, 2008-2012	0.370	7.570
Language other than English spoken at home, pct age 5+, 2008-2012	0.7%	6.6%
High school graduate or higher, percent of persons age 25+, 2008-2012	73.7%	83.9%
Bachelor's degree or higher, percent of persons age 25+, 2008-2012	7.8%	23.5%
Veterans, 2008-2012	1,136	493,980
Mean travel time to work (minutes), workers age 16+, 2008- 2012	31.8	24.1
Housing units, 2012	5,656	
Homeownership rate, 2008-2012	81.9%	
Housing units in multi-unit structures, percent, 2008-2012	2.6%	18.2%
Median value of owner-occupied housing units, 2008-2012	\$99,300	\$138,700
Households, 2008-2012	4,636	2,468,841
Persons per household, 2008-2012	2.50	2.51
Per capita money income in past 12 months (2012 dollars), 2008-2012	\$19,455	\$24,294
Median household income, 2008-2012	\$33,492	
Persons below poverty level, percent, 2008-2012	23.3%	17.3%
Business QuickFacts	Meigs County	Tennessee
Private nonfarm establishments, 2011	105	129,489 <sup>1</sup>
Private nonfarm employment, 2011	1,559	4
Private nonfarm employment, percent change, 2010-2011	6.1%	4
Nonemployer establishments, 2011	695	
Total number of firms, 2007	1,016	545,348
Black-owned firms, percent, 2007	,,010 F	
American Indian- and Alaska Native-owned firms, percent, 2007	F	

## **Monroe County, Tennessee**

People QuickFacts	Monroe County	Tennessee
Population, 2013 estimate	NA	6,495,978
Population, 2012 estimate	45,133	6,454,914
Population, 2010 (April 1) estimates base	44,519	6,346,113
Population, percent change, April 1, 2010 to July 1, 2013	NA	2.4%
Population, percent change, April 1, 2010 to July 1, 2012	1.4%	1.7%
Population, 2010	44,519	6,346,105
Persons under 5 years, percent, 2012	5.6%	6.3%
Persons under 18 years, percent, 2012	22.2%	23.1%
Persons 65 years and over, percent, 2012	18.1%	14.2%
Female persons, percent, 2012	50.5%	51.2%
White alone, percent, 2012 (a)	94.9%	79.3%
Black or African American alone, percent, 2012 (a)	2.3%	17.0%
American Indian and Alaska Native alone, percent, 2012 (a)	0.6%	0.4%
Asian alone, percent, 2012 (a)	0.5%	1.6%
Native Hawaiian and Other Pacific Islander alone, percent,	0.40/	0.40/
2012 (a)	0.1%	0.1%
Two or More Races, percent, 2012	1.6%	1.6%
Hispanic or Latino, percent, 2012 (b)	3.5%	4.8%
White alone, not Hispanic or Latino, percent, 2012	91.9%	75.1%
Living in same house 1 year & over, percent, 2008-2012	84.0%	84.4%
Foreign born persons, percent, 2008-2012	2.0%	4.5%
Language other than English spoken at home, pct age 5+, 2008-2012	3.4%	6.6%
High school graduate or higher, percent of persons age 25+, 2008-2012	75.8%	83.9%
Bachelor's degree or higher, percent of persons age 25+, 2008-2012	10.1%	23.5%
Veterans, 2008-2012	3,774	493,980
Mean travel time to work (minutes), workers age 16+, 2008-2012	26.6	24.
Housing units, 2012	20,833	2,834,620
Homeownership rate, 2008-2012	73.3%	68.4%
Housing units in multi-unit structures, percent, 2008-2012	7.6%	18.2%
Median value of owner-occupied housing units, 2008-2012	\$115,300	\$138,700
Households, 2008-2012	17,409	2,468,84
Persons per household, 2008-2012	2.53	2.5
Per capita money income in past 12 months (2012 dollars), 2008-2012	\$19,327	\$24,29
Median household income, 2008-2012	\$36,430	
Persons below poverty level, percent, 2008-2012	19.3%	
Business QuickFacts	Monroe County	Tennessee
Private nonfarm establishments, 2011	696	129,489
Private nonfarm employment, 2011	9,923	2,300,542
Private nonfarm employment, percent change, 2010-2011	4.4%	
Nonemployer establishments, 2011	2,696	
	3,313	545,34
Total number of firms, 2007	5,510 F	
Black-owned firms, percent, 2007	'	0.47

## **Polk County, Tennessee**

People QuickFacts	Polk County	Tennessee
Population, 2013 estimate	NA	6,495,978
Population, 2012 estimate	16,686	6,454,914
Population, 2010 (April 1) estimates base	16,825	6,346,113
Population, percent change, April 1, 2010 to July 1, 2013	NA	2.4%
Population, percent change, April 1, 2010 to July 1, 2012	-0.8%	1.7%
Population, 2010	16,825	6,346,105
Persons under 5 years, percent, 2012	5.4%	6.3%
Persons under 18 years, percent, 2012	22.1%	23.1%
Persons 65 years and over, percent, 2012	18.2%	14.2%
Female persons, percent, 2012	50.6%	51.2%
White alone, percent, 2012 (a)	97.4%	79.3%
Black or African American alone, percent, 2012 (a)	0.6%	17.0%
American Indian and Alaska Native alone, percent, 2012 (a)	0.4%	0.4%
Asian alone, percent, 2012 (a)	0.2%	1.6%
Native Hawaiian and Other Pacific Islander alone, percent, 2012 (a)	0.1%	0.1%
Two or More Races, percent, 2012	1.3%	1.6%
Hispanic or Latino, percent, 2012 (b)	1.7%	4.8%
White alone, not Hispanic or Latino, percent, 2012	96.1%	75.1%
Living in same house 1 year & over, percent, 2008-2012	89.8%	84.4%
Foreign born persons, percent, 2008-2012	0.9%	4.5%
Language other than English spoken at home, pct age 5+, 2008-2012	2.6%	6.6%
High school graduate or higher, percent of persons age 25+, 2008-2012	75.0%	83.9%
Bachelor's degree or higher, percent of persons age 25+, 2008-2012	11.0%	23.5%
Veterans, 2008-2012	1,274	493,980
Mean travel time to work (minutes), workers age 16+, 2008-2012	29.4	24.1
Housing units, 2012	8,163	2,834,620
Homeownership rate, 2008-2012	80.8%	68.4%
Housing units in multi-unit structures, percent, 2008-2012	3.7%	18.2%
Median value of owner-occupied housing units, 2008-2012	\$99,500	\$138,700
Households, 2008-2012	6,526	2,468,841
Persons per household, 2008-2012	2.53	2.51
Per capita money income in past 12 months (2012 dollars), 2008-2012	\$18,911	\$24,294
Median household income, 2008-2012	\$37,235	\$44,140
Persons below poverty level, percent, 2008-2012	17.8%	17.3%
	Polk	_
Business QuickFacts	County	Tennessee
Private nonfarm establishments, 2011	223	129,489 <sup>2</sup>
Private nonfarm employment, 2011	1,427	2,300,542 <sup>2</sup>
Private nonfarm employment, percent change, 2010-2011	-4.9%	1.6% <sup>2</sup>
Nonemployer establishments, 2011	998	473,451
Total number of firms, 2007	1,579	545,348
Black-owned firms, percent, 2007	F	8.4%
American Indian- and Alaska Native-owned firms, percent, 2007	F	0.5%

# SUPPORT LETTERS



P.O. Box 957 • 409 Grady Rd. • Etowah, TN 37331 Ph: 423-263-1138 • Fax: 423-263-8876 www.Etowah-Health-Care.com

#### To whom it may concern:

We endorse the granting of a certificate of need for additional geropsych beds at Starr Regional Senior Care. As a facility we utilize the geropsych unit at Starr Regional (Etowah) for residents with unstable behaviors. Their staff and physicians try to respond to our needs. They provide hospital level psychiatric care for our residents when beds are available.

There are times when we have residents that are advancing with diseases and need additio0nal psychiatric services; Starr Regional Senior Care has not had beds available. Additional beds would greatly enhance their ability to care for the psychiatric needs of our patients.

Jonathan Hills

**LEGAL NOTICES** 

**LEGAL NOTICES** 

**LEGAL NOTICES** 

## **NOTIFICATION OF INTENT** TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Starr Regional Medical Center--Etowah (a hospital), owned and managed by Athens Regional Medical Center, LLC (a limited liability company), intends to file an application for a Certificate of Need to add four (4) geropsychiatric beds to its existing ten-bed inpatient geropsychiatric unit, making it a fourteen (14) bed unit, at a capital cost estimated at \$1,283,000. The project location is the hospital's facility at 886 Highway 411 North, Etowah, TN 37331.

Athens Regional Medical Center, LLC holds a 190-bed consolidated hospital license, under which it operates 118 acute care hospital beds at Starr Regional Medical Center--Athens, and 72 acute care hospital beds at Starr Regional Medical Center--Etowah. These facilities are both in McMinn County. Upon opening the four additional geropsychiatric beds at Etowah, the applicant will close four of its general hospital beds at Etowah, so the project will not change the total number of hospital beds at Etowah, and will not change the consolidated 190-bed hospital license for both the Athens and Etowah facilities. The project does not contain major medical equipment or initiate or discontinue any health service; and it will not affect licensed hospital bed complements other than as described above.

The anticipated date of filing the application is on or before April 4, 2014. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 210, Nashville, TN 37215; (615) 665-2022.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

#### **Tennessee Health Services and Development Agency** Andrew Jackson Building, 9th Floor **502 Deaderick Street** Nashville, TN 37243

Pursuant to TCA Sec. 68-11-1607(c)(1): (A) any health care institution wishing to oppose a Certificate of Need application must file a written objection with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled, and (B) any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

37035781

#### **LEGAL NOTICES**

ORDINANCES OR REGULATIONS OHDINANCES OR REGULATIONS IN EFFECT THEREON.
BEING THE SAME PROPERTY CONVEYED TO CLYDE A. PRUITT AND WIFE, MARGARET M. PRUITT, BY DEED DATED JULY 7, 1992, OF RECORD IN BOOK GI 4010, PAGE 405, IN THE REGISTER'S OFFICE OF HAMILTON COUNTY, TENNESSEE.

ALSO BEING THE SAME PROP-PRUITT AND MARGARET A.
PRUITT (A/K/A MARGARET M.

#### **LEGAL NOTICES**

F14-0231

SUBSTITUTE TRUSTEE'S NOTICE OF FORECLOSURE SALE

Default having been made in the belatif laving deef made in the terms, conditions, and payments provided in a certain Deed of Trust dated FEBRUARY 21, 2008, executed by TRACY D BLAKE AND CARLA R BLAKE, HUSBAND AND WIFE, to

#### **LEGAL NOTICES**

NOTICE OF THIS FORECLOSURE IS BEING GIVEN TO THEM, AND THE SALE WILL BE SUBJECT TO THE APPLICABLE GOVERNMENTAL ENTITIES RIGHT TO REDEEM THE PROPERTY, ALL AS REQUIRED BY 26 U.S.C. 7425 AND T.C.A. 67-1-1433. THE NOTICE REQUIREMENTS OF T.C.A. 35-5-101 ET. SEQ. HAVE BEEN

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MICHAEL STARLING
THIS IS AN ATTEMPT T
LECT A DEBT AND
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USED FOR THAT PURPOSE.
This day, March 11, 2014
improved property known:
SOUTHHOLLY STF
CHATTANOOGA, TENNESSE

J. PHILLIP JONES/JES BINKLEY, SUBSTITUTE T 1800 HAYES NASHVILLE, 1 (615) 2 www.phillipjone

## SUBSTITUTE TRUSTEE'S NO OF FORECLOSURE SA

Default having been mad terms, conditions, and payme vided in a certain Deed of Tru vided in a certain Deed of Tr. APRIL 8, 2008, executed by TC OGLE, A SINGLE MAN, to I ROSSER, ESQ % FIRST AMI Trustee, of record in BOOK (PAGE 755, AS MODIFIED IN 8 9742, PAGE 655 for the be MORTGAGE ELECTRONIC TRATION SYSTEMS, INC. AN NEE FOR PHM FINANCIAL PORATED, DBA PROFES; HOME MORTGAGE, in the ROGICE OF TAMILTON COUNTY, see and to J. PHILLIP JONES JESSICA D. BINKLEY, either may act, appointed as Su may act, appointed as Su Trustee in an instrument of reco Register's Office for HAM



# **State of Tennessee Health Services and Development Agency**

Andrew Jackson, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243 **www.tn.gov/hsda** Phone: 615-741-2364 Fax: 615-741-9884

May 1, 2014

John L. Wellborn, Consultant Development Support Group 4219 Hillsboro Road, Suite 210 Nashville, TN 37215

RE: Certificate of Need Application -- Starr Regional Medical Center--Etowah - CN1404-009

Dear Mr. Wellborn:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need for the expansion of the hospital's existing ten (10) bed geri-psychiatric unit to fourteen (14) beds. The expansion of the geriatric psychiatric unit will be accomplished without increasing the total bed complement of the Etowah satellite (72) by redistributing 4 acute care beds (medical-surgical) to the geriatric psychiatric classification. This reclassification will not impact the total beds physically located at the main campus in Athens (118) or the total licensed beds for both sites (190). The estimated project cost is \$1,282,050.00.

Please be advised that your application is now considered to be complete by this office. Your application is being forwarded to the Tennessee Departments of Health, and Mental Health and Substance Abuse Services and/or its representative for review.

In accordance with Tennessee Code Annotated, §68-11-1601, et seq., as amended by Public Chapter 780, the 60-day review cycle for this project will begin on May 1, 2014. The first sixty (60) days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the sixty (60) day period, a written report from the Tennessee Departments of Health, and Mental Health and Substance Abuse Services and/or its representative will be forwarded to this office for Agency review within the thirty (30)-day period immediately following. You will receive a copy of their findings. The Health Services and Development Agency will review your application on July 23, 2014.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (2) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (3) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me.

Sincerely,

Melanie M. Hill Executive Director

MMH:mab

cc: Trent Sansing, CON Director, Division of Health Statistics

Sandra Braber-Grove, Esq.

alam While

Kim H. Looney, Esq.



## State of Tennessee Health Services and Development Agency

Andrew Jackson, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243 **www.tn.gov/hsda** Phone: 615-741-2364 Fax: 615-741-9884

#### MEMORANDUM

TO:

Trent Sansing, CON Director

Office of Policy, Planning and Assessment

Division of Health Statistics

Andrew Johnson Tower, 2nd Floor 710 James Robertson Parkway Nashville, Tennessee 37243

FROM:

Melanie M. Hill Executive Director

DATE:

May 1, 2014

RE:

Certificate of Need Application

Starr Regional Medical Center--Etowah - CN1404-009

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a sixty (60) day review period to begin on May 1, 2014 and end on July 1, 2014.

Should there be any questions regarding this application or the review cycle, please contact this office.

MMH:mab

Enclosure

cc:

Sandra Braber-Grove, Esq.

John L. Wellborn, Consultant

Kim H. Looney, Esq.

## LETTER OF INTENT -- HEALTH SERVICES & DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Chattanooga Times Free Press, which is a newspaper of general circulation in McMinn County, Tennessee, on April 1, 2014, for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Starr Regional Medical Center-Etowah (a hospital), owned and managed by Athens Regional Medical Center, LLC (a limited liability company), intends to file an application for a Certificate of Need to add four (4) geropsychiatric beds to its existing ten-bed inpatient geropsychiatric unit, making it a fourteen (14) bed unit, at a capital cost estimated at \$1,283,000. The project location is the hospital's facility at 886 Highway 411 North, Etowah, TN 37331.

Athens Regional Medical Center, LLC holds a 190-bed consolidated hospital license, under which it operates 118 acute care hospital beds at Starr Regional Medical Center--Athens, and 72 acute care hospital beds at Starr Regional Medical Center--Etowah. These facilities are both in McMinn County. Upon opening the four additional geropsychiatric beds at Etowah, the applicant will close four of its general hospital beds at Etowah, so the project will not change the total number of hospital beds at Etowah, and will not change the consolidated 190-bed hospital license for both the Athens and Etowah The project does not contain major medical equipment or initiate or discontinue any health service; and it will not affect licensed hospital bed complements other than as described above.

The anticipated date of filing the application is on or before April 4, 2014. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 210, Nashville, TN 37215; (615) 665-2022.

(Signature) (Date) jwdsg@comcast.net (E-mail Address)

# ORIGINAL SUPPLEMENTAL-1

Starr Regional Medical Ctr.

CN1404-009

# DSG Development Support Group

April 24, 2014 11:35an

April 24, 2014

Jeff Grimm, HSD Examiner Tennessee Health Services and Development Agency Andrew Jackson Building, 9<sup>th</sup> Floor 502 Deaderick Street Nashville, TN 37243

RE:

CON Application #1404-009

Starr Regional Medical Center (Etowah Campus)

Dear Mr. Grimm:

This letter responds to your recent request for additional information on this application. The items below are numbered to correspond to your questions. They are provided in triplicate, with affidavit. Information provided is from the applicant's management team.

1. Filing of the Application

The application was filed, in triplicate, on April 4, 2014. However, an affidavit did not accompany same. Please provide an affidavit with the application.

The affidavit for filing and the affidavit for this first supplemental response letter are attached at the end of this letter.

April 24, 2014 11:35am

Page Two April 24, 2014

2. Section A, Applicant Profile, Item 5

a. In addition to the copy of the management contract provided in the attachments to the application, please include a copy of corporate registration of the manager, Horizon Health, Lewisville, Texas and a list of facilities owned or managed in Tennessee, as documentation of the manager's experience with inpatient hospital geri-psychiatric unit management services. In your response, please also provide a brief description of the manager's organizational structure with brief bios of the management team affiliated with the project.

The Tennessee registration of the management company is attached after this page. Although this company is known as "Horizon Health" in the industry, its full legal name is Horizon Mental Health Management, LLC, dba Horizon Health Behavioral Health Services. It is a Texas company (its full name appears in the draft management contract provided in the original CON submittal).

In Tennessee, Horizon Health currently manages one other hospital-based geropsychiatric program at Livingston Regional Hospital, Livingston, Tennessee. Nationwide, Horizon Health manages more than 75 psychiatric programs based in hospitals. Horizon provides behavioral health services for all ages, from children to seniors, including inpatient, traditional outpatient, partial hospitalization, and intensive outpatient programs.

Horizon recruited SRMC Etowah's new Senior Care Program Director, Eden Jabaley, RN, who is employed by the hospital but is clinically supervised by Barbara Lang, RN, Horizon Health's Senior Vice President for Clinical Practice (based in Georgia), and administratively supervised by Michael Raisig, Vice President of Operations for Behavioral Health. The resumes of Mrs. Lang and Mrs. Jabaley are provided after this page. Also attached is the resume of Melissa Martin, the unit's Assistant Program Director.

b. Given the proposed management fee change and the upcoming changes to provide for weekly, M-F medical director coverage, what provisions are planned for adding another amendment to the current contract between the parties?

The parties expect to execute the new contract within the next 30 to 60 days, well in advance of the HSDA Board meeting at which this application will be heard. Its basic terms have been settled and are reflected in the financial projections in the application.

## **SUPPLEMENTAL-#1**

April 24, 2014

Department Home | Contact Us | Search:

11:35am

Administrative Hearings | Business Services | Charitable Fundraising | Elections | Library & Archives | Publications



Business Services Online > Find and Update a Business Record

## **Business Information Search**

As of April 18, 2014 we have processed all corporate filings received in our office through April 17, 2014 and all annual reports received in our office through April 17, 2014.

Click on the underlined control number of the entity in the search results list to proceed to the detail page. From the detail page you can verify the entity displayed is correct (review addresses and business details) and select from the available entity actions - file an annual report, obtain a certificate of existence, file an amendment, etc.

Search:			heriterus <sub>ew</sub>			1-2 of 2
Search Name: Horizon Mental Health Management, LLC  Control #:  Active Entities Only:					Search	
Control #	Entity Type	Name	Name Type	Name Status	Entity Filing Date	Entity Status
000283174	LLC	HORIZON MENTAL HEALTH MANAGEMENT, L.L.C. DELAWARE	Entity	Inactive	08/26/1994	Inactive - Revoked (Administrative)
<u>000263194</u>	LLC	Horizon Mental Health Management, LLC TEXAS	Entity	Active	03/03/1993	Active
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Information about individual business entities can be queried, viewed and printed using this search tool for free.

If you want to get an electronic file of all business entities in the database, the full database can be downloaded for a fee by <u>Clicking Here</u>.

Click Here for information on the Business Services Online Search logic.

Division of Business Services
312 Rosa L. Parks Avenue, Snodgrass Tower, 6th Floor
Nashville, TN 37243
615-741-2286
Email | Directions | Hours and Holidays

## Teresa Eden Jabaley

Cleveland, TN • edenchamp@yahoo.com • (423) 716-5968

#### **Professional Goal:**

To use my skills in the best possible way for achieving a company's goals and mission statement; while functioning in a highly ethical presentation and strive to be the *facility of choice* in the community. Lead by example and build a cohesive team.

#### Education:

University of Alabama at Birmingham (UAB) Birmingham, AL

**BSN 1994** 

#### Work History:

Horizon Health Starr Regional Medical Center Athens/Etowah, TN Program Director, Senior Care July 2013 – present Jan 2012 – July 2013

Director of 10 bed acute care Geropsych unit

# Brookdale Senior Living Regional RN Case Manager

Sept 2010-Jan 2012

- Management for four communities
- Supervision of the quality of care delivered to 200+ residents

## **Erlanger Hospital**

Utilization Review Nurse/Case Management

Oct 2008-Mar 2011

- Chattanooga, TN
  - Utilization review for all Medicare/Commercial admissions (every weekend)
  - Intergual trained

Bradley Healthcare and Rehabilitation Center Clinical Manager Cleveland, TN

Nov 2009-Sept 2010

• Manager of 35 bed skilled nursing unit

RiverTrust Solutions/BCBS Reconsideration Supervisor

Jan 2009-Jan 2010

### Chattanooga, TN

### **SUPPLEMENTAL-#1**

• Direct supervision of all nurse reviewers/Appeals Specialist

April 24, 2014 11:35am

- Organize/maintain caseload and productivity
- · Education/training of all staff
- Human Resources/Staff meetings/Payroll/Quality management
- Attend all Medicare Appeal Hearings/ Collaboration with presiding judge

### **Memorial Hospital**

July 2007- Sept 2007

**CCU RN** 

Chattanooga, TN

• Direct care of patients in cardiac crisis

### Morning Pointe Assisted Living Resident Services Director Chattanooga, TN

Sept 2007-Nov 2008

- All duties comparable to Director of Nursing position
- Marketing/Sales
- Occupational Health/Worker's Compensation/Risk Management

### SkyRidge Medical Center Dec 2005-July 2007 ER Nurse/ /Pre-Op and Recovery/ Direct Assist to ER Manager Cleveland, TN

- Scheduling/payroll
- · Direct care of ER patients
- Occupational Health/Referral to Worker's Compensation department
- Contract Occupational Health for third party companies
- · Drug testing for third party company injuries
- All task and duties assigned or delegated by ED manager

### Carraway Methodist Medical Center CCU RN/Critical Care Transport RN Birmingham, AL

Feb 1997-Feb 2001

- Management of coronary care patients
- · Critical care transport of critically injured patients to higher level of care
- Patient care instructor to all radiology students at the Carraway Radiology Program

April 24, 2014 11:35am

#### Barbara A. Lang RN, BC

Contact 3126 Neal Court, Cumming, GA 30041 Cell 678 577 7111 Fax 972 420 8318

Education

Brockville Psychiatric Hospital School of Nursing, Nursing Diploma (June 1969)

University of Ottawa, Canada Hospital Administration Certificate (June 1980)

Licensure

FL License RN 1748102
Board Certified as Psychiatric and Mental Health Nursing
American Nurses Credentialing Center
(1997)

Professional Experience (September 2006 – present) Horizon Health 2941 S. Lake Vista Drive Lewisville, Texas 75067

(September 2011 - present) Horizon Health, Behavioral Health Services 2941 S. Lake Vista Drive Lewisville, Texas 75067

Senior Vice President, Clinical Practice

Responsible for the clinical oversight for approximately 100 managed care contracts.

- Lead development of clinical resources/materials for contracted programs.
- Coordinate and provide program staff education and training.
- Coordinate and facilitate clinical components of new business start up activities.
- Conduct clinical program system assessment to insure quality care.
- Assess and identify specific program risk management and patient safety concerns to mitigate risk and promote patient safety.
- Provide support and consultation for constant regulatory readiness.
- Review clinical monitoring systems data for trending and benchmarking.
- Research and identify best practice in the industry for adaptation in contract managed services to enhance quality patient care.
- Developed companywide resource manual Trauma Sensitive, Patient Centered, Recovery Model.

#### PROFESSIONAL EXPERIENCE continued

SUPPLEMENTAL- # 1
April 24, 2014
11:35am

(September 2006 - 2011) Horizon Health, Behavioral Health Services 2941 S. Lake Vista Drive Lewisville, Texas 75067

Vice President, Clinical Services

Responsible for the supervision of clinical services for 20 inpatient and outpatient programs.

 Provide clinical oversight to maintain regulatory and state specific compliance in multiple states and hospital settings.

 Provide onsite training to all levels of clinical staff to maintain core competency levels.

 Units are located in eight states and range in size from 15 beds to 132 beds in university hospital setting.

 Additional areas of responsibility included assistance with the development of multiple resource education materials (RN competency for evaluation of seclusion and restraint, Utilization Review and Medicare appeal training.

 Developed Medical Management of Withdrawal Protocols as well as several competency modules to promote quality programming and staff development.

Coordinate companywide Teleconference.

(March 2002 – September 2006) Horizon Health, Behavioral Health Services 2941 S. Lake Vista Drive Lewisville, Texas 75067

Regional Director, Operations

- Responsible for operations management of 10 hospital based behavioral health inpatient and outpatient adult and geropsychiatric programs in acute care settings. Units are located in six states and range in size from 15 beds to 68.
- Strong recruitment/retention skills and human resource management skills. Developed company-wide recruitment manual to train managers in the recruitment and retention of staff.
- Maintained state required nurse ratios greater than 97%.
- Completed "turn around" of a County facility. Restored JCAHO and CMS status and decreased ALOS 50% while maintaining 85% occupancy.
- Provided oversight of nursing, social services, community education, intake services, and assessment teams at a variety of inpatient sites.

(September 1996 – February 2002) Horizon Health, Behavioral Health Services 1500 Waters Ridge Drive Lewisville, Texas 75057-6011

Regional Director, Clinical Support Services

- Responsible for the supervision of clinical services for 15 inpatient and outpatient programs in the Southeast region.
- Provided clinical oversight to maintain regulatory and state specific compliance in seven different states.

April 24, 2014 11:35am

 Provided on site training to all levels of clinical staff to maintain core competency levels.

 Additional areas of responsibility included assistance with the development of SECURE (Management of Aggressive Behaviors product), development of a new service for Horizon Health Behavioral Services.

 Developed Medical Management of Withdrawal Protocols as well as several competency modules to promote quality programming and staff development.

(September 1994 – August 1996) Horizon Health, Behavioral Health Services (Fawcett Memorial Hospital, Port Charlotte, FL)

#### **Program Director**

Director responsible for the supervision of nursing, therapy, marketing and support staff in the areas of clinical supervision, staff development, competency, program development, budgetary and performance improvement and performance appraisal. Additional areas of responsibility within the hospital included administrator on call, coordinator of the JCAHO preparations for the entire hospital, serving on Community Boards on behalf of the hospital and development of ECT services.

(July 1987 – July 1996) Psychiatric and Recovery Center Medical Center Hospital, Punta Gorda, FL

#### Administrative Director

 Responsible for the development, management and clinical services for a 54 bed adult inpatient unit. Areas of responsibility included financial, management, development of additional services including outpatients, and Performance Improvement. Responsible for the direction and supervision of nursing (40), therapy (7), and support staff.

Responsible the designation of the Recovery Center Program as a stateapproved facility for the treatment of Impaired Nurses.

Provided expert witness to State Appeal of Medicaid Funding for Chemical Dependency Programs. Developed and organized several CME, CEU seminars to promote the program and staff development.

#### PROFESSIONAL EXPERIENCE continued

**SUPPLEMENTAL-#1** 

April 24, 2014 11:35am

#### Other Employment

- 1986 1987 Head Nurse, Psychiatric and Recovery Center, Medical Center Hospital, Punta Gorda, FL.
- 1976 1986 Unit Coordinator, Brockville Psychiatric Hospital, Brockville Ontario, Canada.
- 1969 1976 Head Nurse, and Staff Nurse, Brockville Psychiatric Hospital, Brockville Ontario, Canada.

Melissa R. Martin, RAS 124 Ashlin Ridge Cleveland TN 931-287-8907

### Experience

### Starr Regional Senior Care/Assistant Program Director & Community Education Director March 2014 – Present

Marketing and referral development, intake, patient and referral retention, clinical program, customer relations and operations

# Reflections Senior Unit at Jamestown Regional Medical Center/Interim Program Director/Community Education Manager September 2014 to February 2014

Administration patient care for the unit, development and maintenance of the treatment program, development and implementation of a comprehensive community relations program, strategic planning, program administration and development

### Reflections Senior Unit at Jamestown Regional Medical Center/Community Education Manager

(November 2011 to August 2014)

Duties: Implementation of a comprehensive community education program, coordinates the referral/sales process, develops and maintains accurate community education information and account management system, coordinates the units internal and external communications system

### Florence Crittenton Agency/Substance Abuse Counselor (August 2009 – June 2011)

**Duties:** Facilitated groups for boys and girls, coordinated and evaluated programs, counseled adolescents and their families, crisis management, alcohol and drug assessments, treatment planning, trained/educated and supervised employees, motivational interviewing

# Cirque Alcohol and Drug Treatment Facility (2007 - 2009)

**Duties:** Evening Supervisor, alcohol and drug assessments, led support and relapse prevention groups, taught disease concept, Jahari Jellnick, music therapy classes, drug and alcohol testing, med management worked toward LADAC under a doctor/therapist

# Bradford Health Services/Crisis/Marketing (2006-2007)

**Duties:** A&D Consults (court, jails, and hospitals) for Putnam, Jackson and Cumberland Counties, marketed our services to, hospitals, law offices, city council, companies, A&D awareness and education, In-Service, partnered with court systems, event planning, speaking engagements

# Girl Scouts of Cumberland Valley/Membership Development Manager (2002-2005)

**Duties:** Organizing fund raisers, adult training, speaking engagements, girl recruitment, meeting deadlines, building community relationships in twelve counties, event planning, marketing, "Foundations" team building, annual giving, resolve issues, ran programs for school systems, supervised, retention

April 24, 2014 11:35am

# Putnam County Board of Education/Behavioral Assistant- Dry Valley (1998-1999)

**Duties:** Instructed students with behavioral problems regarding anger management, setting and achieving goals, instructed academically, crisis management, certified in professional crisis management

# Cookeville Housing Authority/Resident Service Coordinator (1996-1998)

**Duties:** Monthly newsletter, grant writing, public speaking, organizing resident councils, developing programs, teaching independent living, event planning, fund raising

# Upper Cumberland Human Resource Agency/Counselor-Chance Youth Home (1990-1994)

**Duties:** Organized activities, monitored actions of residents, insured residents obeyed established rules, developed therapeutic relationships with residents, wilderness program in the summer which included repelling, horseback riding, hiking, spelunking, rafting and ropes course

#### Education

(RAS) Registered Addiction Specialist 6000 hours clinical hours toward LADAC A&D treatment planning and assessments Ethical training Graduate of Volunteer Christian Academy Tennessee Technological University Child Sex Abuse Prevention Program TACC Training Program Non-Violent Crisis Intervention Program Drug & Alcohol Intervention Program Foundation Program/Personal Growth Motivational Speaking Alcohol & Drug Crisis Training 40 hours Domestic Violence Training 6 week training Domestic Violence Counseling Secure Training

### **Professional Skills**

Motivational Interviewing, Public Speaking, Computer, Marketing, Event Planning, Crisis Management, Management, Run alcohol & drug groups, teach alcohol and drug classes, Fund Raising, Adult Training, Event Planning, Certified instructor in Foundations (Team building for Children/Adults), Marketing, Grant Writing, Run AA, NA, AL-NON, Intake

### **Hobbies**

Hiking, Running, Camping, Event planning, Crafts, Softball, Archery, Professional football player for Chattanooga Locomotion's (02-03)

April 24, 2014 11:35am

### References

Christy Claiborne- Bradford Health Services/Clinical Therapist (865) 310-2752 Dr. Mercy Isang- Jamestown Regional Medically Center (865) 387-8933

Page Three April 24, 2014

3. Section B, Project Description, Item B.I (Executive Summary)

The description of ownership, including the organization chart in Attachment A.4, is noted. Based on the funding support from cash reserves addressed in the April 1, 2014 letter from Mr. Seraphine, President of Lifepoint's Eastern Group, it may be helpful to have a better understanding of its relationship to the applicant. Please provide a brief description of this entity and identify the member facilities in Tennessee. As a suggestion, it may be helpful to include reference to The Eastern Group as an addendum to the organizational chart in the application.

The Eastern Group is an operational grouping, not a legal structure. The corporate ownership structure and its organization chart are unaffected by operational groupings, which may change from time to time as the company acquires hospitals. So it would be misleading to amend the legal organization chart.

There are ten LifePoint hospitals in Tennessee, all of which are owned entirely by LifePoint, and all of which are in the Eastern Group. The ten hospitals and their addresses were listed in Attachment A.4 of the application.

LifePoint's Eastern group currently oversees the operation of twenty-one hospitals in four States (Michigan, North Carolina, Tennessee, and Virginia). Some, like SRMC and Southern Tennessee Medical Center, have more than one campus but operate under a consolidated license. A list is attached following this page. These facilities are all owned by LifePoint except for five that are owned jointly by Duke University and LifePoint, through a joint venture company.

April 24, 2014 11:35am

# LifePoint Hospitals – Eastern Group (Some have more than one campus)

Bell Hospital 901 Lakeshore Drive Ishpeming, MI 48849

Clinch Valley Medical Center 6801 Governor G.C. Peery Hwy. Richlands, VA 24641

Crockett Hospital
1607 South Locus Avenue
Lawrenceburg, TN 38464

<u>Danville Regional Medical Center</u> 142 South Main Street Danville VA 24541

Fauquier Health Systems, Inc. 500 Hospital Drive Warrenton, VA 20186

Hillside Hospital 1265 East College Street Pulaski, TN 38478

Maria Parham Medical Center 566 Ruin Creek Rd Henderson, NC 27536

<u>Livingston Regional Hospital</u> 315 Oak Street Livingston, TN 38570

Maria Parham Medical Center 566 Ruin Creek Rd Henderson, NC 27536

Marquette General Health System 420 W Magnetic Marquette, MI 49855

Memorial Hospital of Martinsville 320 Hospital Drive Martinsville, VA 24112

Person Memorial Hospital 615 Ridge Road Roxboro, NC 27573

Portage Health 500 Campus Drive Hancock, MI 49930

Riverview Regional Medical Center 158 Hospital Drive Carthage, TN 37030

Southern Tennessee Medical Center 185 Hospital Road Winchester, TN 37398 Starr Regional Medical Center 1114 West Madison Ave PO Box 250 (37371) Athens, TN 37303

<u>Sumner Regional Medical Center</u> 555 Hartsville Pike Gallatin, TN 37066

Trousdale Medical Center 500 Church Street Hartsville, TN 37074

Twin City Regional Healthcare, Inc. 200 Hospital Drive Galax, VA 24333

<u>Wilson Medical Center</u> 1705 Tarboro Street, SW Wilson, NC 27893

Wythe County Community Hospital 600 West Ridge Road Wytheville VA 24382

9. Bed Complement Data Starr RMC--Etowah Only AMENDED

(Please indicate current and	Current Licensed Beds	CON approved beds (not in service)	July 1, 2014 Staffed Beds	Beds Proposed (Change)	TOTAL Beds at Completion
A. Medical	54		0	-4	50
B. Surgical					
C. Long Term Care Hosp.					
D. Obstetrical					
E. ICU/CCU	8		7		8
F. Neonatal					
G. Pediatric					
H. Adult Psychiatric					
I. Geriatric Psychiatric	10		10	+4	14
J. Child/Adolesc. Psych.					
K. Rehabilitation					
L. Nursing Facility					
(non-Medicaid certified)	64		64		64
M. Nursing Facility Lev. 1					
(Medicaid only)	24		24		24
N. Nursing Facility Lev. 2					
(Medicare only)					
O Nursing Facility Lev. 2					
(dually certified for					
Medicare & Medicaid)					
P. ICF/MR					
Q. Adult Chemical					
Dependency					
R. Child/Adolescent					
Chemical Dependency					
S. Swing Beds					
T. Mental Health					
Residential Treatment					
U. Residential Hospice					
TOTAL Hospital	72	0	17	NC	72
NF	88	0	88	NC	88

10. Medicare Provider Number: Hospital 440068; Geropsychiatric Unit 44S068 Certification Type: General Hospital; Psychiatric Unit

11. Medicaid Provider Number: : Hospital 440068; Geropsychiatric Unit 44S068 (same as #10) Certification Type: General Hospital; Psychiatric Unit

12. & 13. See page 4

9. <u>Bed Complement Data</u> Starr RMC--Athens Only (Please indicate current and proposed distribution and certification of facility beds.)

Starr RMC--Athens Only

(Please indicate current an	Current Licensed Beds	CON approved beds (not in service)	Staffed Beds	Beds Proposed (Change)	TOTAL Beds at Completion
A. Medical	93		45		93
B. Surgical					
C. Long Term Care Hosp.					
D. Obstetrical	8		8		8
E. ICU/CCU	5		5		5
F. Neonatal	12		5		12
G. Pediatric					
H. Adult Psychiatric					
I. Geriatric Psychiatric					
J. Child/Adolesc. Psych.					
K. Rehabilitation					
L. Nursing Facility					
(non-Medicaid certified)					
M. Nursing Facility Lev. 1					
(Medicaid only)					
N. Nursing Facility Lev. 2					
(Medicare only)					
O Nursing Facility Lev. 2					
(dually certified for					
Medicare & Medicaid)					
P. ICF/MR					
Q. Adult Chemical					
Dependency					
R. Child/Adolescent					
Chemical Dependency					
S. Swing Beds					
T. Mental Health					
Residential Treatment					
U. Residential Hospice					
TOTAL	118	0	63	NC	118

April 24, 2014 11:35am

9. Bed Complement Data Starr RMC--Etowah and Athens Combined (Please indicate current and proposed distribution and certification of facility beds.)

	Current Licensed Beds	CON approved beds (not in service)	July 1, 2014 Staffed Beds	Beds Proposed (Change)	TOTAL Beds at Completion
A. Medical	147	501.135)	45	-4	143
B. Surgical					
C. Long Term Care Hosp.					
D. Obstetrical	8		8		8
E. ICU/CCU	13		12		13
F. Neonatal	12		5		12
G. Pediatric					
H. Adult Psychiatric					
I. Geriatric Psychiatric	8			+4	12
J. Child/Adolesc. Psych.					
K. Rehabilitation					
L. Nursing Facility (non-Medicaid certified)					
M. Nursing Facility Lev. 1 (Medicaid only)	64		64		64
N. Nursing Facility Lev. 2 (Medicare only)	24		24		24
O Nursing Facility Lev. 2 (dually certified for Medicare & Medicaid)					
P. ICF/MR					
Q. Adult Chemical Dependency					
R. Child/Adolescent					
Chemical Dependency					
S. Swing Beds					
T. Mental Health					
Residential Treatment					
U. Residential Hospice					
TOTAL Hospital	190	0	70	NC	190
NH	88		88	NC	88

Page Four April 24, 2014

4. Section B, Project Description, Item B.II.A

It appears that the 5 semi-private rooms of the GPU account for approximately 60% of the unit's size resulting in approximately 185 SF per bed. The proposed size of the new addition with 4 beds results in approximately 245 SF per bed. Please address this potential change by completing the chart below. In addition, please address the impact to compliance with existing licensure standards of the proposed project as it pertains to the amount of space allocated to the patient rooms.

Bed Type	Current Beds	After Project Beds		
Adult Beds	0	0		
Geriatric Beds	10	14		
Entire Unit	10	14		

SRMC ETOWAH—GEROPSYCHIATRIC UNIT								
Current Unit—5 S	PROPOSED CHANGES IN SPACES  Current Unit—5 Semiprivate Rooms Proposed Unit—7 Semiprivate Rooms							
Room Numbers	Square	Square	Room Numbers	Square	Square			
(10-Bed Plan)	Feet	Feet/Bed	(14-Bed Plan)	Feet	Feet/Bed			
1 (SP)	196	98	1 (SP)	195	97.5			
2 (SP)	196	98	2 (SP)	196	98			
3 (SP)	195	97.5	3 (SP)	254	127			
4 (SP)	195	97.5	4 (SP)	252	126			
5 (SP)	195	97.5	5 (SP)	196	98			
			6 (SP)	195	97.5			
			7 (SP)	195	97.5			
Total Unit Including Support Spaces	3,056	305.6		6,181	441.5			

Note: Square Feet data for patient rooms is for clear floor space not including cabinetry. Data for total unit includes patient room, support, and circulation spaces.

Prior Code for Clear Floor Space per Bed: 80 SF Per Bed in a Semiprivate Room Current Code for Clear Floor Space per Bed: 100 SF Per Bed in a Semiprivate Room

(1) The unit has no beds designated exclusively for adults age 18-64, although a Medicare-approved geropsychiatric unit may accept a patient who is 50-64 years of age. Etowah admits few of that age group, as shown in Schedule H, page 32, of its Joint Annual Reports. Mixing the two oldest age cohorts is standard procedure in small geropsychiatric units.

April 24, 2014 11:35am

Page Five April 24, 2014

- (2) The hospital now operates 10 beds in 5 semiprivate rooms. The hospital proposes to operate 12 beds in 6 semiprivate patient rooms by the end of Phase I, at January 1, 2015. All of those rooms are older patient rooms that are "grandfathered" under Licensure rules and subject to prior codes, which required only 160 SF of clear floor space for semiprivate rooms. The six semiprivate rooms of Phase I will have 200 SF of clear floor space.
- (3) By the end of Phase II, there will be two semiprivate rooms added by new construction on the end of the current wing. Those two rooms will be subject to <u>current</u> Licensure standards that require 200 SF of clear floor space. Each new semiprivate room will exceed that standard, having 264 SF of clear floor space.
- (4) Much of this project's renovation is to provide support spaces that either do not now exist, or need expansion. Those spaces are a Quiet Social Room; a Group Therapy room (for a unit with more than 12 beds); a Charting/Conference room, an ADA-accessible Toilet/Shower room; separate Clean and Soiled Utility Rooms; Equipment storage; Patient Effects storage, a Consultation/Visitor room, a dedicated consultation room (for a unit with more than 12 beds); and a Unit Manager office. That explains the overall gain in unit area, more than just the addition of two new semiprivate patient rooms.

Page Six April 24, 2014

#### 5. Section B, Project Description, Item B.II.B

a. The changes reflected in the table for SRMC's total licensed bed mix is noted (med-surg, critical care and inpatient psychiatric services). Please add a column to the table that identifies the current number of staffed beds for each of the three hospital bed types.

Table Five-A: Proposed Changes in Assignment of <u>Licensed</u> Hospital Beds, 2014  REVISED ON FIRST SUPPLEMENTAL RESPONSE  Starr Regional Medical CenterEtowah						
Bed Assignment Current Current Proposed Assignment Staffing (Change)						
General Medical-Surgical	54	0	50 (-4)			
Critical Care	8	7	8			
Psychiatric	10	10	14 (+4)			
Total Licensed Complement	72	17	72			

Table Five-B :Proposed Changes in Assignment of <u>Available</u> Hospital Beds, July 2014  REVISED ON FIRST SUPPLEMENTAL RESPONSE  Starr Regional Medical CenterEtowah						
Bed Assignment Current Staffing By Proposed Assign Assignment July 2014 (Change)						
General Medical-Surgical	42	0	38 (-4)			
Critical Care	8	7	8			
Psychiatric	10	10	14 (+4)			
Total Licensed Complement	60	17	60			

As described in the application, SRMC has only recently acquired the Etowah facility. In connection with its decision to suspend use of medical-surgical beds at Etowah for the time being, SRMC conducted its own internal survey the week before Easter, and located only 42 medical-surgical beds that could be used for admissions without construction (12 bed spaces appear to have been lost to internal conversions that removed one or both headwalls). So the Etowah campus has a capacity of 60 beds, 42 of which are medical-surgical beds.

The Department of Health will resolve the questions of licensing and capacity in the near future. For now, the current license is valid. Whether the SRMC consolidated license should be reduced at some point by twelve beds does not appear relevant to this project, because (a) this project only involves reassignment of four beds, and (b) the project will not affect the license.

Attached following this page are revised pages 3a-3c, reflecting the staffing of beds at Etowah <u>after July 2014</u>, by which time medical-surgical services will have been suspended pending temporarily.

Page Seven April 24, 2014

b. To gain an appreciation of any further delineation of bed use by service, does the unit have an additional bed designation as to age ranges, general psychiatry, co-occurring (mental health/substance abuse) disorders, and/or intensive treatment? If so, please complete the following chart:

SRMC Geri-Psychiatric Unit Bed Mix

GPU Service	Current Beds	Beds after Project Completion
Intensive Treatment	0	0
General Psychiatry	10	14
Co-Occurring	0	0
Other Program ??	0	0
TOTAL	10	14

The current and proposed beds in the unit are all used for short-term treatment and stabilization prior to discharge to a lower level of care. They have been listed under general psychiatry for lack of certainty about how HSDA staff defines "intensive treatment" in the staffing table.

### 6. Section B, Project Description, Item B.II.C

a. It appears that the proposed addition to the geri-psychiatric unit (GPU) may address in part, circumstances related to having to separate patients by gender or having to separate high vs. low acuity geriatric patients. However, it also appears that some mix of private rooms may help as well. Please discuss the pros and cons in terms of therapeutic value, maximization of resources, economic efficiency, etc. in placing patients age 65 and older in private vs. semi-private rooms.

Dr. Glynn Newman, the Medical Director, recognizes the superior economic efficiency of converting or constructing semiprivate rooms. However, having two more semiprivate rooms would increase the ability to use rooms for single occupancy, when necessary to achieve gender separation, or to isolate a mildly disruptive or aggressive patient. (Highly disruptive or aggressive patients are not admitted to the unit.) He does not suggest any other aspects of private vs. semiprivate rooms that would affect therapeutic value.

Page Eight April 24, 2014

b. The January 21, 2014 letter of support from J. Glynn Newman, MD, in the application states that patients were turned away or admissions delayed many times in the past year. In addition to the peak occupancy visual on page 13 of the application, what metrics are available to help illustrate the number of diversions of patients seeking admission to SRMC-Etowah's GPU over the most recent 12-month period? Of these, approximately how many were attributed to lack of medical coverage to accept new admissions to the GPU? In your response, please describe how the proposed addition and pending changes to medical coverage of the GPU may play a role in reducing the number of those diversions.

As stated, SRMC only recently acquired control of the Etowah facility. Records of diversions and reasons for diversions were not recorded or retrievable from the previous owner. So Q1 2014 is the first period for which SRMC can provide recorded data of this type. SRMC reports that during the first quarter of 2014, the unit experienced 31 days on which additional patients could not be accommodated due to "gender lock" (the need to segregate by gender) or due to lack of admission coverage. Of the 31 days, 17 days were due to gender lock and 14 were from lack of admission coverage.

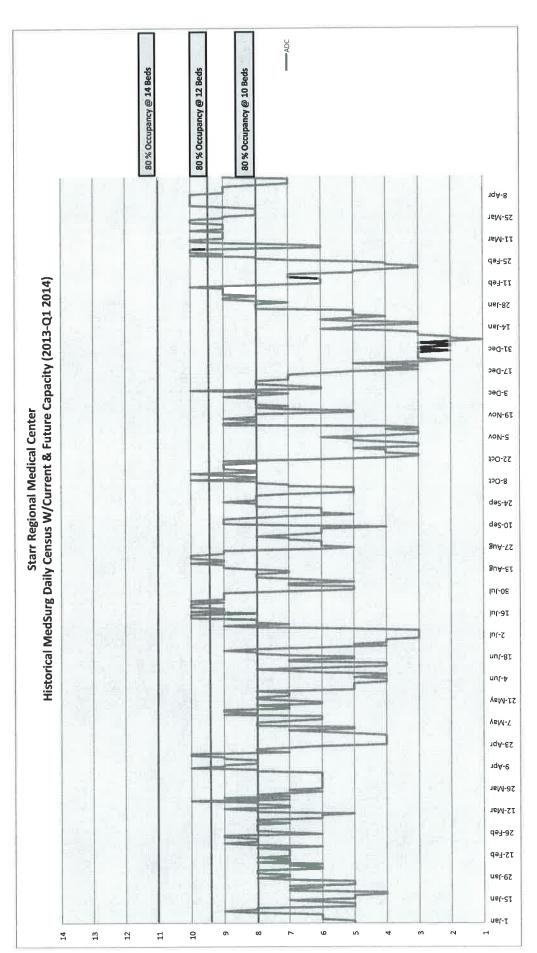
To provide the most complete available information, the graph from page 13 has been updated through the end of Q1 2014 (March 31) to show the increasing frequency of the times this unit has been at 100% occupancy. It is attached following this page, as page 13R.

The coverage issue is discussed in response to question 12 in this letter.

c. What are the typical support services that are needed for a geripsychiatric unit and what services are unique or proprietary to the applicant and the manager (Horizon) such as therapeutic program enhancements, a geriatric partial inpatient program and/or an intensive outpatient service opportunities (continuum of care)?

There are no unique or proprietary services at this program. The program provides the typical short-term acute care services needed to stabilize the patient and to prepare the patient for discharge to a less intensive treatment setting (typically a nursing home) or to a private residence.

April 24, 2014 11:35am



April 24, 2014 11:35am

Page Nine April 24, 2014

The treatment disciplines involved are psychiatry, nursing, a licensed social worker, and a recreation therapist--all of which are reflected in the narrative and staffing pattern submitted. Speech therapy, physical therapy, occupational therapy, and psychological testing and evaluation are contracted from other providers in the area when needed.

Several years ago, SRMC offered a partial inpatient program but there was almost no demand for it and it was closed. With a large five-county service area, not enough patients could overcome serious transportation time problems to be able to use such a program. The Etowah program prepares a discharge plan for every patient that sets forth the post-acute care that is recommended. Etowah itself is not in a position to provide follow-up outpatient care or partial hospitalization, at this time.

d. How will the applicant provide services to uninsured adults who are waiting on insurance paperwork or eligible seniors awaiting Medicare certification in need of inpatient psychiatric services?

GPU staff will work with the Business Office to qualify patients for possible coverage benefits and discounting practices, and will offer education and assistance with enrolling for the Federal Health Care Exchange. Lack of health care coverage is not a disqualifying factor when determining admission criteria.

Page Ten April 24, 2014

7. Section B, Project Description, Item III.A. (Plot Plan)

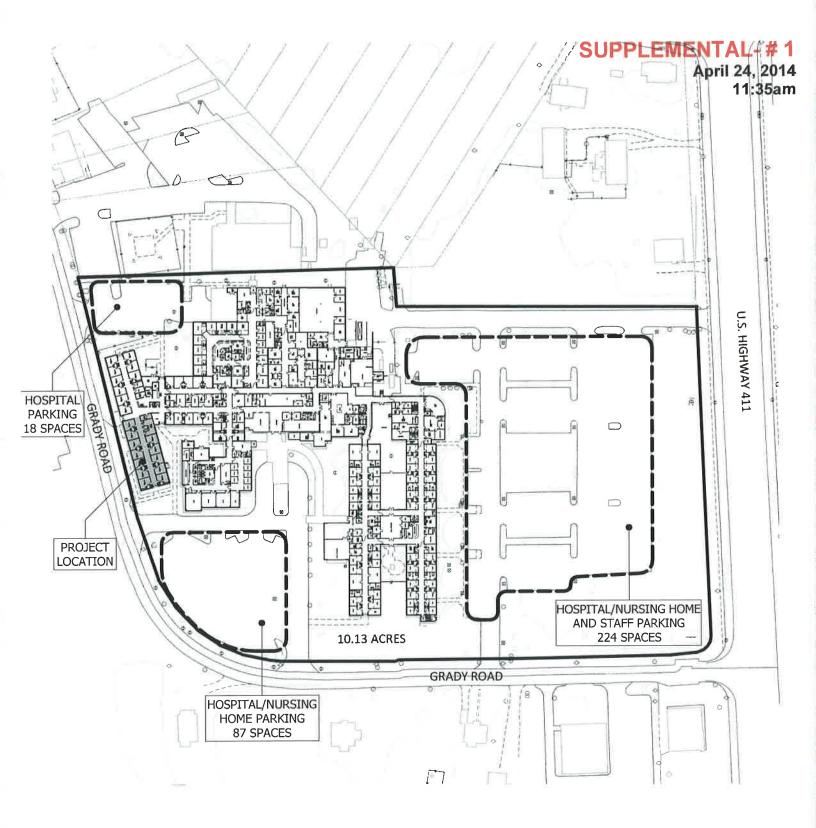
The plot plan is noted. An enlarged plot plan with labels as to primary areas of the hospital may be helpful. As a suggestion, the plot plan might include labels for other areas of the hospital such as the emergency department, the 88 bed NF, ICU, any vacant/unstaffed patient unit areas, hospital/NF patient parking and the hospital's main entrance.

Attached following this page are additional drawings from the architect identifying parking areas on the campus and identifying the departments or areas you have requested.

8. Section B, Project Description, Item IV (Floor Plan)

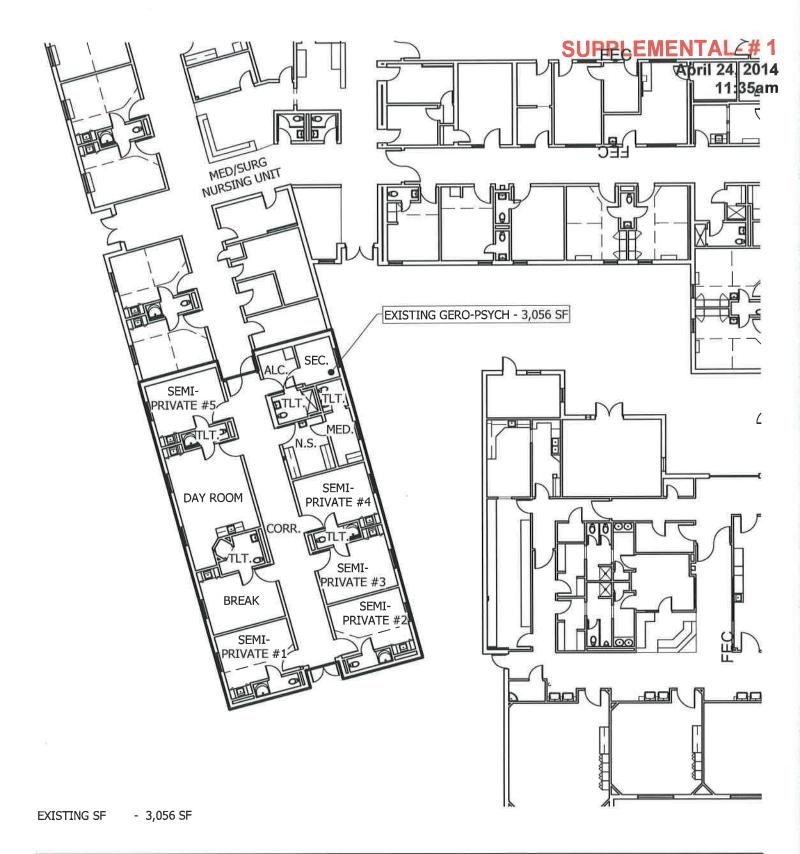
The room number designations appear to be missing for both the current and proposed GPU. Also, consult and group therapy areas were are not recognizable in the current floor plan of the 3,056 SF unit. Please provide more detailed floor plan drawings with the suggestions noted.

Attached following this page are additional drawings from the architect. Support areas not shown on these drawings do not exist.



GERO-PSYCH EXPANSION for STARR REGIONAL MEDICAL CENTER - ETOWAH SITE PLAN 10.13 ACRES

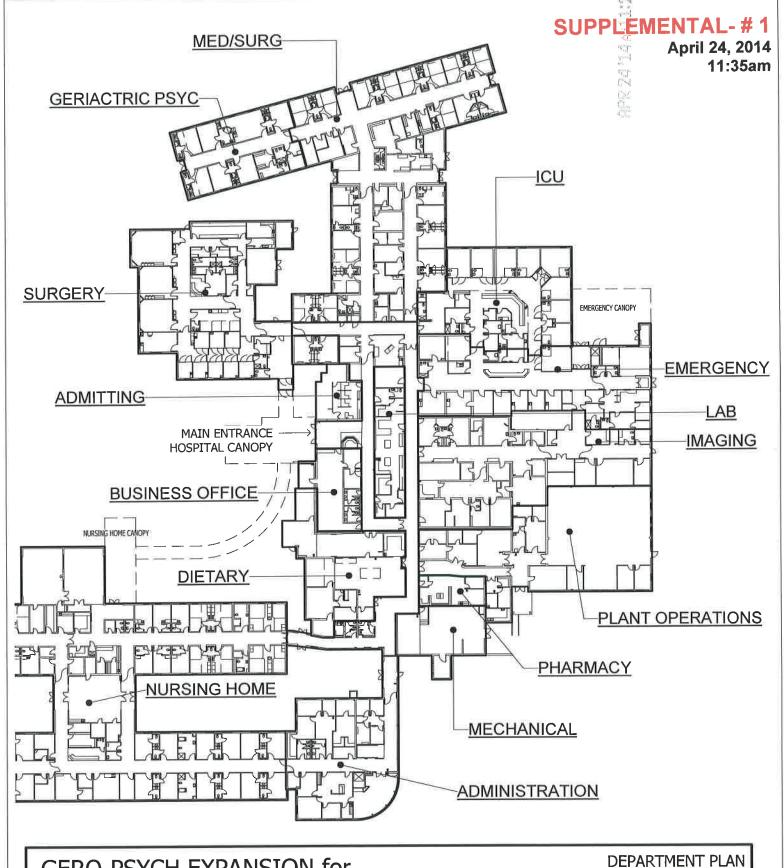
ETOWAH, TENNESSEE APRIL 21, 2014 - NOT FOR CONSTRUCTION HINSON MILLER KICKIRILLO ARCHITECTS, PLLC NOT TO SCALE



GERO-PSYCH EXPANSION for STARR REGIONAL MEDICAL CENTER - ETOWAH

EXISTING FLOOR PLAN 10 BEDS

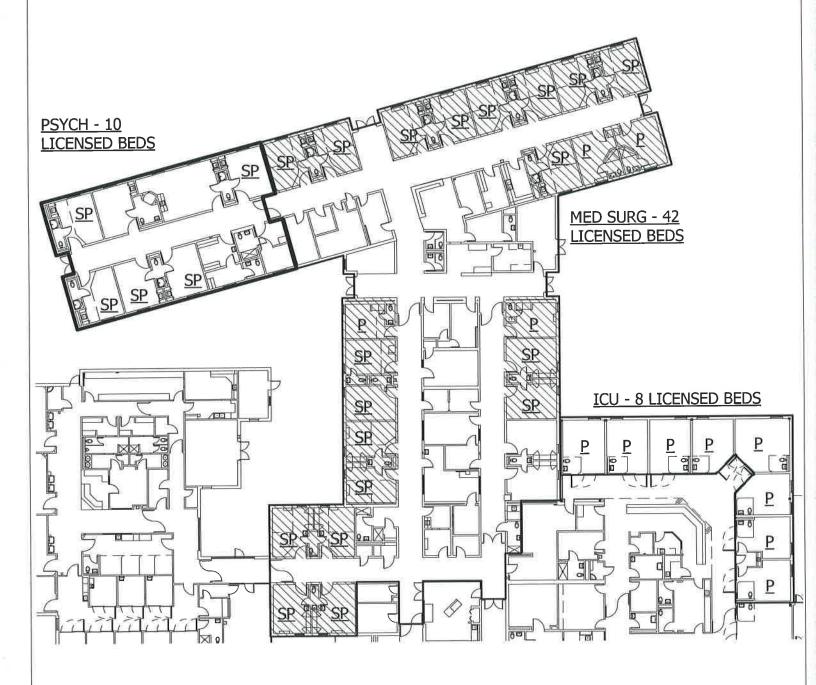
ETOWAH, TENNESSEE APRIL 21, 2014 - NOT FOR CONSTRUCTION HINSON MILLER KICKIRILLO ARCHITECTS, PLLC



**GERO-PSYCH EXPANSION for** STARR REGIONAL MEDICAL CENTER - ETOWAH

ETOWAH, TENNESSEE APRIL 21, 2014 - NOT FOR CONSTRUCTION HINSON MILLER KICKIRILLO ARCHITECTS, PLLC NOT TO SCALE

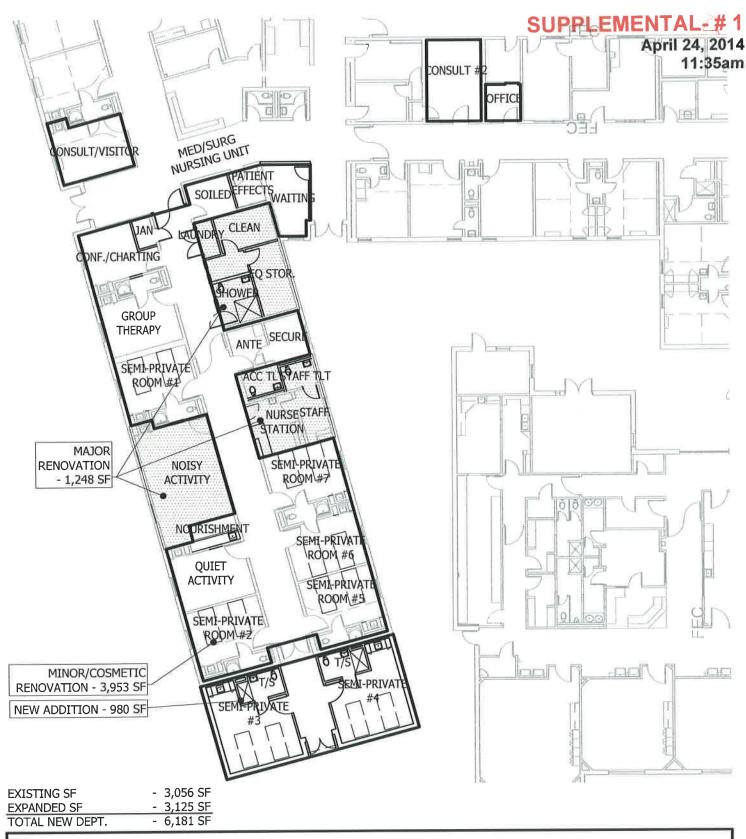
April 24, 2014 11:35am



# GERO-PSYCH EXPANSION for STARR REGIONAL MEDICAL CENTER - ETOWAH

LICENSED BED PLAN

ETOWAH, TENNESSEE APRIL 21, 2014 - NOT FOR CONSTRUCTION HINSON MILLER KICKIRILLO ARCHITECTS, PLLC NOT TO SCALE



GERO-PSYCH EXPANSION for STARR REGIONAL MEDICAL CENTER - ETOWAH

PROPOSED - NEW WORK PLAN 14 BEDS

ETOWAH, TENNESSEE
APRIL 21, 2014 - NOT FOR CONSTRUCTION
HINSON MILLER KICKIRILLO ARCHITECTS, PLLC

April 24, 2014

Page Eleven April 24, 2014

9. Section C, Need, Item 1.a Service-Specific Criteria (Psychiatric Inpatient Services-Item C.3)

The closest state-run and supported licensed mental health hospital located approximately 64 miles from the applicant facility appears to be Moccasin Bed Mental Health Institute. Licensed and staffed for 150 beds, the hospital had an average daily census (ADC) of approximately 131 patients per day in 2013, including an ADC of approximately 18 Medicare patients per day. Approximately 13 Medicare patients per day were from the applicant's 5-county PSA (252 admissions, 4,791 patient days). Given this information, please discuss the impact of the proposal to Moccasin Bend.

The 2013 JAR for Moccasin Bend Mental Health Institute shows that:

- (1) MBMHI's ADC of 131 patients on 150 licensed beds was 87.5% average annual occupancy, which is very high occupancy.
- (2) MBMHI had only 97 Medicare-age admissions, which comprised only 3.5% of its total 2,768 admissions. MBMHI does not even have a dedicated geropsychiatric unit.
- (3) MBMHI's average length of stay for its geropsychiatric patients was 53.3 days--more than four times the ALOS for Etowah's patients.
- (4) MBMHI obtained only 10% of its patient days (4,791 of 47,908) from the five counties in SRMC Etowah's geropsychiatric service area.

Based on these facts, SRMC sees no reason why a 4-bed expansion at SRMC Etowah should have any significant impact on Moccasin Bend. The two facilities appear to serve a largely different population, with Moccasin Bend providing longer-term geriatric care (almost two months per admission compared to 11 days at SRMC). The elderly are not Moccasin Bend's primary focus. They constitute only 3.5% of its patients; and the hospital reports not having a separate geropsychiatric unit. Finally, only 10% of Moccasin Bend's patients come from SRMC's service area. More than half (57%) of those who do are from Bradley County. They may live so close to Moccasin Bend that they would not even consider driving far away to Etowah for care.

JAR patient origin tables do not provide age-specific data, so the applicant cannot confirm staff's estimate of county-level patient origin of MBMHI's Medicare-aged admissions. However, the JAR patient origin data does show that only 9% (252) of MBMHI's 2,768 total admissions came from Etowah's 5-county primary service area.

Page Twelve April 24, 2014

10. Section C, Need, Item 1.a Service-Specific Criteria (Psychiatric Inpatient Services-Item C.4)

The applicant plans to accept voluntary/involuntary admissions are noted. To that point, the applicant states that "involuntary commitments will require the immediate availability of legal counsel and a judge to authorize the admission at whatever time the patient presents". In situations where the applicant could not take an involuntary admission, what protocols would be implemented to assure the patient's safety and that proper medical treatment is provided?

When a patient presents at the Emergency Room and is determined to be a candidate for an involuntary admission, but circumstances prevent the patient from being admitted, the Emergency Room physician will involve the Crisis Response Team of the Volunteer Behavioral Health system to ensure proper transportation to the best available alternative setting.

11. Section C, Need, Item 1.a., Service-Specific Criteria (Psychiatric Inpatient Services- Item D.1.) and Section C, Orderly Development, Item 2

The relationship to the other inpatient hospital psychiatric unit at Skyridge Medical Center-Westside in Bradley County is noted. Please include a brief description of other mental health services available in the service area and their relationship to the need, demand and/or support for the project. As a suggestion, discussion could address the availability of community mental health agencies, crisis stabilization units, and mobile crisis teams. For each type, please provide name & location, a brief description of services, their utilization, and their referrals to the applicant GPU of residents of the applicant's PSA. In addition, please also provide a brief summary of the impact that expanding the size of the geri-psychiatric unit at SRMC might have to these organizations.

As an acute psychiatric care facility whose role in the mental health network is inpatient intervention and stabilization, SRMC is not involved directly with many aspects of the service area's mental health network and cannot provide statistics on its utilization outside of the hospital.

The project service area is fortunate to have the services of the Volunteer Behavioral Health System, a network of cooperating agencies that serve over

Page Thirteen April 24, 2014

45,000 persons in thirty-one counties in the southeast, Upper Cumberland, and Middle Tennessee sections of the State. The network has fixed facilities and also mobile crisis teams, and offers crisis services, adult services, children's services, peer recovery programs, and addiction/co-occurring disorders services. Attached at the end of this supplemental response letter, before the affidavits, are lengthy materials describing those services.

Specific to this service area, there are also materials on the Hiwassee Mental Health Center--Athens, and Hiwassee Mental Health Center--Cleveland, and their numerous programs and services. Addresses and phone numbers are included in the attachments. They are part of the Volunteer Behavioral Health System.

This network's interface with the SRMC unit is primarily through the network's crisis teams, which are contacted through a central 1-800 number in Chattanooga, when a potential patient comes to the SRMC Emergency Room and appears to need psychiatric treatment. Or the crisis team may evaluate a patient at another location and contact SRMC to arrange the patient's visit to the ED and an assessment by medical personnel.

SRMC has no reason to believe that this small 4-bed expansion of its GPU could impact the Crisis Teams or the overall network in any significant way, other than providing their patients with more inpatient capacity and reducing those agencies' burdens in locating an inpatient environment when SRMC's unit is at capacity.

Page Fourteen April 24, 2014

### 12. Section C, Need, Item 6

a. The applicant attributes some increases in projected utilization to increasing medical director coverage from 3 to 5 days per week. Based on approximately 240 admits, the admission rate averaged approximately 1.5 per day in 2013. At this rate and expanded coverage 5 days per week, admissions could reach a high of approximately 390 or more total admissions compared to the 305 admissions projected for year one (CY2015). Please explain why the more conservative methodology was adopted for the utilization and financial performance of the GPU.

The applicant is correcting the Section B narrative on page 14 of the application regarding the Medical Director's schedule and its relation to admissions. Attached after this page is revised page 14R.

Dr. Newman is not the only psychiatrist admitting to the unit. His practice colleague Dr. Robert Stetson also admits to the unit. Between the two of them, admissions examinations by an admitting psychiatrist have been available continuously except for 8 AM Friday through 8 AM Sunday. That is expected to change this summer, with the recruitment of an additional psychiatric nurse practitioner, or possibly a third psychiatrist, to the practice. At that time, schedules will be rearranged so that admissions examinations are available seven days a week.

Although that will be a significant increase in days when admissions can be made, it would not result in a directly proportional increase in total admissions. The applicant feels more comfortable projecting utilization conservatively, based on recent trends, as described on pages 34 and 35 of the application, rather than tying projections to days of physician availability.

### B. Demand for Geropsychiatric Care at Etowah Will Continue To Increase

Significant continuing increases in requests for geropsychiatric admissions are anticipated in 2014 and 2015. In the recent past, admissions have been artificially restrained by a staffing situation and by inadequate community marketing. The two admitting psychiatrists on staff have not been available from 8 AM Friday to 8 AM Sunday, to examine and admit new patients. With the recent employment of a new community education staff member, and with the imminent recruitment of an additional psychiatric nurse practitioner, those limitations will be removed. This will significantly boost admissions in CY2015 if the unit obtains additional bed capacity.

Another reason to anticipate more admissions is the steady increase in the service area population of older persons. The unit has a five-county primary service area. Its population aged 65+ years comprises 17.7% of the total population, compared to a Statewide average of 14.9%. By 2018, the 65+ cohort of the primary service area population will increase to 19.2% of all persons, while the State will reach 16.1%. The growth in the primary service area will be almost five thousand more elderly persons.

### C. The Proposed Addition Complies with the State CON Guidelines for Growth

The Guidelines for Growth state that proposals for adult beds (whether 18-64 years of age or 65+ years of age, or both) should be evaluated using a need standard of 30 beds per 100,000 adult population in the service area. Table Seven below shows that the project complies with that standard. There are 30 adult beds in Bradley County at Skyridge Medical Center Westside, and 10 adult (gero) beds in McMinn County at Starr Regional Medical Center, Etowah. The Guideline is 30 beds per 100,000 adult population. Seventeen more beds are needed. The project adds four beds.

Table Seven: Adult Psychiatric Bed Need in Primary Service Area									
	Tennessee Guidelines for Growth								
Age Group	Population	Bed Need	Skyridge Beds	SRMC Beds	Total Beds	Net Bed Need			
18-64 yrs	143,566	43.07							
65+ yrs	45,833	13.75							
All Adult	189,399	56.82	30	10	40	16.82 = 17			

Source: Population from TDH May 2013 Series. Bed Need from 2000 Guidelines for Growth.

Page Fifteen April 24, 2014

b. Please explain how the expanded psychiatric unit is expected to operate at 73% occupancy in CY2015 when the existing unit has not historically reached that level of occupancy.

SRMC Etowah employed a Community Education Manager in February of this year, to expand public awareness of the service. Since then, the average daily census (ADC) of the unit has increased substantially. SRMC expects this to continue with additional community outreach, and by deepening relationships with area nursing homes, assisted living facilities, senior centers, and home health organizations.

Specifically, the ADC in the first three months of this year, was 6.7, or 67% average occupancy. However, since this new staff member began work, the occupancy during the 52 days from March 1 through April 21 was 8.9, or 89%. This is nothing seasonal; it only reflects actual demand and consumer awareness of available programs.

13. Section C, Economic Feasibility, Item 1. (Project Costs Chart) Given the plan to fund the project from cash reserves of the parent company, please explain the \$61,050 for Interim Financing.

It is standard procedure for LifePoint Hospitals to book a capital expense to its building projects as the equivalent of interim interest on a commercially obtained construction loan. As part of the capital cost accounting for the project it would not be appropriate to exclude it.

Page Sixteen April 24, 2014

14. Section C, Economic Feasibility, Item 4 (Historical Data Chart, Madison Campus)

The chart for SRMC-consolidated (Athens/Etowah) is noted. How many patients accounted for the medical center's charity care in 2013? Please also provide a historical data chart for the 10-bed GPU at SRMC-Etowah.

The consolidated SRMC Historic Data Chart's charity care represented 150 inpatient and outpatient admissions/visits.

An Historic Data Chart for the GPU is attached after this page.

15. Section C, Economic Feasibility, Item 4 (Projected Data Chart)

a. The chart for the proposed14-bed GPU is noted. Please provide a Projected Data Chart for the entire, 190 bed consolidated hospital.

The consolidated SRMC Projected Data Chart is attached after this page, following the historical chart for the GPU.

### HISTORICAL DATA CHART -- SRMC GEROPSYCHIATRIC UNIT @ 10 BEDS

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in January.

Admissions	IIIC	iiscai	year begins in January.			CY2011		CY2012		CY2013
Revenue from Services to Patients   1.			,	Admissions		189		193	-	240
Impatient Services	A.	Utiliz	ation Data	Patient Days		2,338		2,253	_	2,404
2. Outpatient Services 3. Emergency Services 4. Other Operating Revenue (Specify) See notes page  Gross Operating Revenue 1. Contractual Adjustments 2. Provision for Operating Revenue 3. Provision for Charity Care 3. Provisions for Bad Debt Total Deductions  Total Deductions  Total Deductions  1. Salaries and Wages 2. Physicians Salaries and Wages 3. Supplies 4. Taxes 4. Taxes 4. Taxes 4. Taxes 4. Taxes 4. Taxes 5. Depreciation 6. Rent 7. Interest, other than Capital 8. Management Fees 8. Management Fees 9. Other Expenses (Specify) 9. Other Expenses (Specify) 1. See notes page 1. Other Coperating Expenses 1. See notes page 1. Total Operating Expenses 1. See notes page 1	B.	Reve	nue from Services to Patients							
Seminary Services   Contracting Revenue   Coperating Expenses   Cope		1.	Inpatient Services		\$	3,302,694		3,436,031		3,453,763
4. Other Operating Revenue (Specify) See notes page  Gross Operating Revenue  1. Contractual Adjustments 2. Provision for Charity Care 3. Provisions for Bad Debt  Total Deductions  Total Deductions  Total Deductions  \$ 1,166,406		2.	Outpatient Services				-			
Comparing Revenue   Say   Sa		3.	Emergency Services				_		-	0
Cross Operating Revenue   \$ 3,302,694   \$ 3,436,031   \$ 3,453,763		4.	Other Operating Revenue		-		_		-	<del></del>
C.   Deductions for Operating Revenue   1.   Contractual Adjustments   1.   1.   1.   1.   1.   1.   1.   1			(Specify) See notes page							
1. Contractual Adjustments       \$ 1,166,406       1,253,367       1,625,651         2. Provision for Charity Care       3. Provisions for Bad Debt       Contractual Adjustments       1,625,651         NET OPERATING REVENUE       \$ 1,166,406       1,253,367       1,625,651         NET OPERATING REVENUE       \$ 2,136,288       2,182,664       1,828,112         D. Operating Expenses       1. Salaries and Wages       5 654,731       687,737       665,240         2. Physicians Salaries and Wages       19,091       11,626       12,607         4. Taxes       4,932       9,580       5,206         5. Depreciation       73,549       84,601       89,479         6. Rent       113       672         7. Interest, other than Capital       40,245       17,963       3,817         8. Management Fees       2       626,696       693,324       532,937         9. Other Expenses (Specify)       See notes page       179,796       134,488       18,867         F. Capital Expenses (Specify)       See notes page       179,796       134,488       18,867         F. Capital Expenditures       \$ 1,599,154       1,639,319       1,328,825         E. Other Revenue (Expenses) Net (Specify)       \$ 537,134				<b>Gross Operating Revenue</b>	\$	3,302,694	\$	3,436,031	\$	3,453,763
2. Provision for Charity Care 3. Provisions for Bad Debt  Total Deductions  **Total Deductions**  **Total Dedu	C.	Ded	uctions for Operating Revenue							
NET OPERATING REVENUE   Total Deductions   1,166,406   1,253,367   1,625,651     NET OPERATING REVENUE   \$ 2,136,288   2,182,664   1,828,112     D. Operating Expenses		1.	Contractual Adjustments		<b>\$</b> _	1,166,406		1,253,367	_	1,625,651
NET OPERATING REVENUE   \$ 1,166,406   1,253,367   1,625,651     NET OPERATING REVENUE   \$ 2,136,288   2,182,664   1,828,112     D. Operating Expenses		2.	Provision for Charity Care		_		_		_	
NET OPERATING REVENUE   \$ 2,136,288   2,182,664   1,828,112		3.	Provisions for Bad Debt		-		-			
D. Operating Expenses  1. Salaries and Wages  2. Physicians Salaries and Wages  3. Supplies  4. Taxes  5. Depreciation  6. Rent  73,549  8. Management Fees  a. Fees to Affiliates b. Fees to Non-Affiliates b. Fees to Non-Affiliates c. Total Operating Expenses  E. Other Revenue (Expenses) Net (Specify)  NET OPERATING INCOME (LOSS)  NET OPERATING INCOME (LOSS)  8. Ges,737  665,240  11,626  12,607  14,639,319  11,626  12,607  14,932  9,580  5,206  19,091  11,626  11,626  11,620  11,620  11,620  11,620  11,626  11,620  11,620  11,620  11,620  11,620  11,620  11,620  11,626  11,630  11,626  11,630  11,626  11,630  11,626  11,630  11,626  11,630  11,626  11,630  11,626  11,630  11,626  11,630  11,626  11,630  11,626  11,630  11,626  11,630  11,626  11,630  11,626  11,630  11,626  11,630  11,626  11,630  11,626  11,630  11,626  11,630  11,626  11,630  11,626  11,630  11,630  11,630  11,				Total Deductions	<b>\$</b> _				_	
1. Salaries and Wages       \$ 654,731       687,737       665,240         2. Physicians Salaries and Wages       19,091       11,626       12,607         3. Supplies       19,091       11,626       12,607         4. Taxes       4,932       9,580       5,206         5. Depreciation       73,549       84,601       89,479         6. Rent       113       672         7. Interest, other than Capital       40,245       17,963       3,817         8. Management Fees       2       2       2         a. Fees to Affiliates       5       626,696       693,324       532,937         9. Other Expenses (Specify)       See notes page       179,796       134,488       18,867         7 Total Operating Expenses       \$ 1,599,154       \$ 1,639,319       1,328,825         E. Other Revenue (Expenses) Net (Specify)       \$ 537,134       \$ 543,345       \$ 499,287         F. Capital Expenditures       \$ 537,134       \$ 543,345       \$ 499,287         F. Capital Expenditures       \$ 537,134       \$ 543,345       \$ 499,287         NET OPERATING INCOME (LOSS)       \$ 537,134       \$ 543,345       \$ 499,287         NET OPERATING INCOME (LOSS)       \$ 537,134       \$ 543,345       \$ 499,287	NET	OPER	ATING REVENUE		\$	2,136,288	-	2,182,664	_	1,828,112
2. Physicians Salaries and Wages       19,091       11,626       12,607         3. Supplies       19,091       11,626       12,607         4. Taxes       4,932       9,580       5,206         5. Depreciation       73,549       84,601       89,479         6. Rent       113       672         7. Interest, other than Capital       40,245       17,963       3,817         8. Management Fees	D.	Ope	rating Expenses							
19,091   11,626   12,607   1		1.	Salaries and Wages		<sup>\$</sup> _	654,731	-	687,737	1	665,240
Taxes   4,932   9,580   5,206		2.	Physicians Salaries and Wages		_		_			
Solution		3.	Supplies		_	19,091	_	11,626		
6. Rent 7. Interest, other than Capital 8. Management Fees a. Fees to Affiliates b. Fees to Non-Affiliates 9. Other Expenses (Specify) See notes page 179,796 134,488 18,867  Total Operating Expenses \$ 1,599,154 \$ 1,639,319 1,328,825  E. Other Revenue (Expenses) Net (Specify) \$ 537,134 \$ 543,345 \$ 499,287  F. Capital Expenditures 1. Retirement of Principal \$ 537,134 \$ 543,345 \$ 499,287  NET OPERATING INCOME (LOSS)  Total Capital Expenditures  1. Retirement of Principal \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$		4.	Taxes			4,932	_	9,580	-	
7. Interest, other than Capital 40,245 17,963 3,817  8. Management Fees		5.	Depreciation			73,549		84,601	_	
8. Management Fees a. Fees to Affiliates b. Fees to Non-Affiliates 9. Other Expenses (Specify) See notes page 179,796 134,488 18,867  Total Operating Expenses \$ 1,599,154 \$ 1,639,319 1,328,825  E. Other Revenue (Expenses) Net (Specify) \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$		6.	Rent		_	113	_		_	
a. Fees to Affiliates b. Fees to Non-Affiliates 9. Other Expenses (Specify) See notes page 179,796 134,488 18,867  Total Operating Expenses \$ 1,599,154 \$ 1,639,319 1,328,825  E. Other Revenue (Expenses) Net (Specify) \$ \$ \$ \$ \$  NET OPERATING INCOME (LOSS) \$ 537,134 \$ 543,345 \$ 499,287  F. Capital Expenditures 1. Retirement of Principal \$ \$ \$ \$ \$  2. Interest Total Capital Expenditures \$ \$ \$ \$  NET OPERATING INCOME (LOSS)		7.	Interest, other than Capital		_	40,245		17,963	_	3,817
b. Fees to Non-Affiliates 9. Other Expenses (Specify) See notes page 179,796 134,488 18,867  Total Operating Expenses \$ 1,599,154 \$ 1,639,319 1,328,825  E. Other Revenue (Expenses) Net (Specify) \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$		8.	Management Fees		¥				_	
9. Other Expenses (Specify) See notes page 179,796 134,488 18,867  Total Operating Expenses \$ 1,599,154 \$ 1,639,319 1,328,825  E. Other Revenue (Expenses) Net (Specify) \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$			a. Fees to Affiliates		1				_	
Total Operating Expenses   1,599,154   1,639,319   1,328,825			b. Fees to Non-Affiliates		_	626,696		693,324		
E. Other Revenue (Expenses) Net (Specify) \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ NET OPERATING INCOME (LOSS) \$ \$ 537,134 \$ \$ 543,345 \$ \$ 499,287 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$		9.	Other Expenses (Specify)	See notes page		179,796		134,488	-	18,867
NET OPERATING INCOME (LOSS)  F. Capital Expenditures  1. Retirement of Principal  2. Interest  Total Capital Expenditures  NET OPERATING INCOME (LOSS)  * 537,134				<b>Total Operating Expenses</b>	\$_	1,599,154	\$_	1,639,319	_	1,328,825
F. Capital Expenditures  1. Retirement of Principal  2. Interest  Total Capital Expenditures  \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	E.	Oth	er Revenue (Expenses) Net (Spec	cify)	\$_		\$		\$_	
1. Retirement of Principal 2. Interest  Total Capital Expenditures \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	NET	OPER	ATING INCOME (LOSS)		\$_	537,134	\$	543,345	\$_	499,287
2. Interest  Total Capital Expenditures \$ \$ \$ \$	F.	Сар	ital Expenditures							
NET OPERATING INCOME (LOSS)  \$\$ \$\$		1.	Retirement of Principal		\$_		\$_		\$	
NET OPERATING INCOME (LOSS)		2.	Interest		_		_		_	
				<b>Total Capital Expenditures</b>	\$_		\$_		\$_	
LESS CAPITAL EXPENDITURES \$\$\$\$ 499,287	NET	OPER	ATING INCOME (LOSS)							
					\$_	537,134	\$_	543,345	\$_	499,287

# NOTES TO HISTORIC DATA CHART--SRMC ETOWAH (SUPPLEMENTAL) DETAIL OF D.9. OTHER EXPENSES

	2011	2012	2013
Admissions	234	253	250
Patient Days	2856	2918	2444
Gross Revenue	\$3,302,694.00	\$3,436,031.00	\$3,453,763.00
Contractuals	\$1,166,406.00	\$1,253,367.00	\$1,625,651.00
Net Operating Revenue	\$2,136,288.00	\$2,182,664.00	\$1,828,112.00
Expenses			
Salaries	\$654,731.00	\$687,737.00	\$665,240.00
Supplies	\$19,091.00	\$11,626.00	\$12,607.00
Taxes (Property and State)	\$4,932.00	\$9,580.00	\$5,206.00
Depreciation	\$73,549.00	\$84,601.00	\$89,479.00
Rent	\$113.00	\$0.00	\$672.00
Interest %of Hospital Total	\$40,245.00	\$17,963.00	\$3,817.00
Management Fees Horizon	\$626,696.00	\$693,324.00	\$532,937.00
Other Expenses			
Benefits	\$157,135.00	\$110,580.00	\$1,350.00
Utilities	\$16,968.21	\$22,668.31	\$16,797.10
Repairs and Maintence	\$1,081.00	\$1,240.00	\$720.00
Insurance	\$4,612.00		*
Total Other Operating	\$179,796.21	\$134,488.31	\$18,867.10
EBDITA	\$537,134.79	\$543,344.69	\$499,286.90

### PROJECTED DATA CHART-- STAR REGIONAL MEDICAL CENTER CONSOLIDATED (SUPPLEMENTAL)

Give information for the two (2) years following the completion of this proposal.

The fiscal	year begins	in January.			CY 2016		CY 2017
			Admissions		3030		3015
A.	Utilizatio	on Data	Patient Days		12,575		12,392
В.	Revenue	from Services to Patients				17	
	1.	Inpatient Services		\$	76,769,101	\$	80,002,960
	2.	Outpatient Services			155,124,355		164,438,743
	3.	Emergency Services			40,483,401		42,507,571
	4.	Other Operating Revenue (Speci	fy) See notes page		104,736		105,000
			<b>Gross Operating Revenue</b>	\$	272,481,592		287,054,274
C.	Deductio	ons for Operating Revenue					
	1.	Contractual Adjustments		\$	194,261,336	\$	206,603,478
	2.	Provision for Charity Care		_	680,942	_	717,373
	3.	Provisions for Bad Debt	estimated		11,439,828	_	12,051,870
			<b>Total Deductions</b>	\$	206,382,106	\$	219,372,720
NET OPE	RATING REV	ENUE		\$	66,099,486	\$	67,681,554
D.	Operatir	ng Expenses					
	1.	Salaries and Wages		\$	19,012,742	\$	19,877,972
	2.	Physicians Salaries and Wages			0	_	0
	3.	Supplies			8,592,933	_	8,798,602
	4.	Taxes			4,124,796	_	4,166,044
	5.	Depreciation			2,956,472	_	2,956,472
	6.	Rent		7	372,056	_	375,000
	7.	Interest, other than Capital	*6.7% of net rev		4,428,666	_	4,534,664
	8.	Management Fees					
		<ol> <li>Fees to Affiliates</li> </ol>		_	114,152	_	114,152
		b. Fees to Non-Affiliates		_	2,700,472	_	2,700,472
	9.	Other Expenses (Specify)	See notes page		16,833,565	_	17,178,630
				_			
			<b>Total Operating Expenses</b>	\$	59,135,853	\$	60,702,008
E.	Other R	evenue (Expenses) Net (Specify)		\$		\$	
NET OPE	RATING INC	OME (LOSS)		\$	6,963,632	\$	6,979,546
F.	Capital 1	Expenditures					
	1.	Retirement of Principal		\$		_	
	2.	Interest				_	
			<b>Total Capital Expenditures</b>	\$			
NET OPE	RATING INC	OME (LOSS)				_	
LESS CA	PITAL EXPEN	DITURES		\$	6,963,632	\$	6,979,546

April 24, 2014 11:35am

# NOTES TO PROJECTED DATA CHART--SRMC ETOWAH (SUPPLEMENTAL) DETAIL OF D.9, OTHER EXPENSES

DEITHE OF DIST OFFICE		
<b>EXPENSE CATEGORY</b>	2016	2017
Benefits	4,943,313	5,168,273
Profess Fees	3,018,216	3,018,216
Contract Services	4,056,284	4,137,410
Repairs and Maint	1,637,520	1,637,520
Utilities	1,534,200	1,564,884
Insurance	454,432	454,432
Other Operating	829,600	837,896
Amortization	360,000	360,000
	16,833,565	17,178,630

Page Seventeen April 24, 2014

b. With charity care estimated at approximately \$70,000 in Year 1, a net GPU charge of \$780/day, and an average length of stay of approximately 11 days per admission, it appears that charity may account for 9 patient admissions in Year One of the project. How might this estimate compare to the applicant's current experience in 2013? Please discuss.

The hospital' previous owner does not appear to have recorded charity care so SRMC has shown none on the Historic Data Chart submitted for question 14 above. However, SRMC Etowah will be in a position to identify and record charity care and that was projected in the original submission. These will probably be primarily but not exclusively from involuntary admissions, which will be a new service for the expanded unit.

c. As noted, management fees to non-affiliates is expected to be a flat rate of \$425,000 in Year One and Two of the project in lieu of the methodology described in the current contract between the applicant and Horizon Health (variable rate adjusted, in part, by patient census levels of the GPU). Please briefly describe the rationale for switching to a flat rate basis. What provisions might apply, if any, for adjusting the rate in accordance with mutually agreed upon performance expectations, such as accreditation outcomes, compliance with licensure standards, risk management, customer satisfaction or other factors?

There are three reasons for the change from volume-adjusted compensation, to flat rat compensation.

First, LifePoint wanted to pay a lower amount for management of this small unit. Second, LifePoint wanted to be able to reliably budget this particular management cost. Third, LifePoint's legal counsel felt the hospital should avoid the possible appearance that it was providing a management company with a financial incentive to admit or retain patients.

As for financial incentives for accreditation outcomes, licensure compliance, risk management, and customer satisfaction, LifePoint does not believe that Horizon needs such incentives to deliver high standards of performance in those areas. The compensation provided assumes such high levels of performance.

Page Eighteen April 24, 2014

### 16. Section C, Economic Feasibility, Item 5

It appears that average gross inpatient charges of SWMC-Athens/Etowah was approximately \$5,360 per day in CY2013 (Historical Data Chart) compared to projected GPU gross charges of approximately \$2,055 per day in year one of the project. Based on the comparison, the projected charges average only 50% of the current hospital rate, even projecting GPU charges 3 calendar years forward. Please describe the factors that might account for the difference between the charges of the GPU and the average hospital inpatient per diem rate.

Acute inpatient general hospital care is generally more expensive than inpatient behavioral care. The former involves high levels of resource consumption for imaging, surgical, pharmaceutical, nursing, and tech services; behavioral healthcare involves very little equipment or ancillary services. For example, general acute care patients using intensive care, or sometimes requiring high-cost implanted devices during surgery, impact charges very strongly.

### 17. Section C, Economic Feasibility, Item 11.A and B

a. The alternatives considered are noted. With 48 staffed of 72 licensed beds and a total average ADC of 19.6 patients per day in 2012, what consideration was given to using vacant/unstaffed patient care units elsewhere in the hospital, including those that might accommodate a mix of private rooms for expansion of the current 10-bed GPU?

Consideration is not being given to relocating the unit to another part of the hospital because of the expense involved in creating a secure unit. But consideration has been given, and will continue to be given, to expanding the unit into existing rooms, to avoid new construction.

SRMC faces a timing constraint. Cost control issues have made it necessary to suspend medical-surgical admissions at Etowah by July, pending completion of longer-range studies about appropriate services and bed assignments at both campuses. It will take several months for SRMC to conclude that planning. However, the GPU has a waiting list in CY2014, and more beds and more support spaces are needed quickly. So this CON was filed proposing to add two beds by 2015, using just existing space, as Phase I. A Phase II was also identified in this application, involving new construction to reach a total of 14 beds, because it does not make sense to incur two expensive and time-consuming CON processes back to back to add a mere four beds. CON practice is also not to "project-split", but rather to disclose the full scope of expansion plans when making application.

Page Nineteen April 24, 2014

SRMC believes that by early 2015, before Phase II begins, it will be known what configuration of beds will be adopted at each campus. It may well be that vacant beds near the current unit will be available. If so, SRMC will likely return to the HSDA to amend its CON to allow the Phase II work to be done less expensively, in adjoining patient rooms, rather than as new construction. But because that option is not yet clearly available, Phase II has been presented as a simple addition of two rooms on the end of the unit, in new construction.

b. In addition to the above prospect, has the applicant also considered starting a geriatric partial hospitalization program in lieu of the renovation/new construction expansion of the current unit? Please briefly discuss.

The applicant is not considering such a program at this time, for the reason stated in response to your question 6c above.

### 18. Section C, Orderly Development, Items 3 and 4 (Staffing)

a. The addition of one new registered nurse full time equivalent (FTE) to the GPU service is noted. Assuming one full time equivalent employee averages approximately 2080 regular worked hours per year, it is unclear how a part time staff RN can be listed as 1.0 FTE increasing to 2.0 FTEs in the table on page 53 of the application. Please clarify.

Please see the revised staffing Table Twenty-Three attached following this page, as revised page 53R. SRMC had adjusted some position data incorrectly listed in the original table. Also attached after this page is revised page 6R of the Executive Summary, indicating a net increase of 1.5 FTE's in Year Two.

As in the original staffing table, the positions indicate not individual employees, but rather all employees of that job title. The RN part time position has FTE's assigned that may represent two or three persons, each working some limited number of hours per week. So the FTE numbers consolidate the hours for all persons in that job description.

April 24, 2014 11:35am

Table Twenty-Three REVIS		ychiatric Unit	<b>3</b>	
	Current and	<b>Projected Staffi</b>	ng	
Position Type (RN, etc.)	Current Yr. FTE's	Year One FTE's	Year Two FTE's	Salary Range (Hourly)
	2014	2015	2016	
Staff RN Full time	4	5	5	\$17.50 to \$30.88
Staff RN Part time	1	1	1.5	\$17.50 to \$30.88
Staff LPN Full Time	4	4	4	\$11.40 to \$20.00
Staff CNA/MHT	6	6	6	\$7.50 to \$13.50
PRN RN working Full Time Hours	0	0	0	\$17.50 to \$30.88
PRN CNA/MHT working Full Time	0	0	0	\$10.00 to \$12.00
LSW	1	1	1	\$20.00 to \$33.50
Activities Therapist	1	1	1	\$11.00 to \$20.00
Program Director RN	1	1	1	Contracted
Nurse Manager	1	1	1	Contracted
Physician Director	0	O	0	Contracted
Total FTE's	19	20	20.5	
ADC	9	11	13	

Source: Hospital Management

<sup>\*</sup> There will be a need to keep a number of PRN staff to cover when needed.

### Need

- Admissions to the 10-bed unit at SRMC Etowah have increased by approximately 27% during the past two years. The unit reached almost 66% average annual occupancy in CY2013.
- That was a high rate of utilization for a small unit with all semi-private beds. The "annual average" masks a problem of wide swings in census and the lack of beds on many days. In CY2013, occupancy was 80% or more on almost half (42%) of the days that year. It was 90% or more on 18% of the days (almost one day a week).
- An exacerbating circumstance is that all SRMC-Etowah's beds are semi-private. It is necessary to separate patients by gender. In a busy week, having to use double rooms as single rooms to achieve gender separation lowers available bed capacity. That constraint is never reflected in annual average occupancy calculations that assume all empty beds to be always available.
- In CY2014, demand is going to increase significantly, due to an increase in Medical Director coverage for admissions examinations. At present, admissions cannot occur on two days per week. The hospital expects to restore seven-day admissions coverage within two months; and when that occurs, admissions requests will increase even more.
- At the same time, the applicant recognizes that there is an excess of hospital beds in the service area and especially at this facility in Etowah. Therefore the project will close four underutilized general acute care beds in Etowah as it opens four more geropsychiatric beds--to avoid increasing areawide acute care hospital bed complements.

### **Existing Resources**

• There are two providers of adult psychiatric care in the primary service area. One is the applicant, in McMinn County. The applicant's 10-bed unit serves only geropsychiatric patients. The other is Skyridge Medical Center Westside, in Cleveland, in Bradley County. Skyridge Westside's 30-bed unit serves primarily adults below the age of 65, although it does admit a small number of Medicare-age patients.

### Project Cost, Funding, and Financial Feasibility

• The project cost is estimated to be \$1,282,050. The project costs will be funded by LifePoint, Inc., the applicant's parent company, through a cash transfer. The unit is currently operating with a positive financial margin and is projected to continue to do so with an expanded patient census.

### Staffing

 Increased census in an expanded service will require addition of 1.5 FTE's in Year Two.

Page Twenty April 24, 2014

b. Please review the FTE entries for the LSW and activities therapist positions and confirm that these positions are allocated appropriately at 100% to the GPU.

They are.

c. What is the applicant's estimate of the direct care nursing FTE and total hours planned for the unit in Year 1? Using an average daily census of 9.2 patients per day in Year 1 of the project, is this coverage sufficient to meet licensure and patient care staffing standards that apply?

Year One:

Direct care nursing FTE's = 16

Total hours planned = 33,280

Horizon has reviewed both the current and proposed staffing data and reports that coverage is sufficient to meet all applicable standards.

Page Twenty-One April 24, 2014

19. Section C, Orderly Development, Item 5

a. Pertaining to physician supervision, review of the CV provided in the application for Dr. Newman, the medical director of the applicant's GPU, revealed no mention of duties, responsibilities & length of service for SRMC-Etowah's GPU. Please clarify by providing a brief summary with this information. In addition, please briefly describe Dr. Newman's current positions since 2005/2006 as Director of Psychiatric Services at Bradley Healthcare and President of Cleveland Psychiatric Center, PC. The description should include the type organization that applies and their relationship, if any, to SRMC.

Dr. Newman has served as Medical Director for this unit at Etowah for seven years, since early 2007. His contract is with Horizon Health. As his submitted CV indicates, he is a Diplomate, Board Certified in both Psychiatry and Forensic Psychiatry, by the American Board of Psychiatry and Neurology. He mistakenly submitted a resume that was not current in regard to his position in Etowah, for which the applicant apologizes.

Cleveland Psychiatric Center, PC is his professional practice. He is no longer affiliated with Bradley Healthcare and Rehabilitation, a licensed nursing home with no relationship to SRMC.

Attached following this page are selected parts of Horizon's master template for its Medical Director contracts. The pages clearly identify the role and duties of that position. The contract with Dr. Newman is of course confidential, but it lists the same roles and duties.

b. Pertaining to quality assurance and utilization review programs and policies, please describe & document same as it pertains to medical/clinical operations of the geri-psychiatric unit.

The GPU quality assurance and utilization review processes reflect the practices/polices and overall administrative and medical/clinical oversight procedures as the rest of the hospital. In conjunction with Horizon's clinical team, Dr. Newman and SRMC's Dr. Turnbough provide daily oversight and feedback in accordance with those policies and procedures.

Attached at the end of this supplemental letter of response are examples of policies, etc. for admission criteria, CORE measures, Quality Reporting, Continued Stay Criteria, and Utilization Review and Monitoring.

### MEDICAL DIRECTOR SERVICES AGREEMENT

# BETWEEN HORIZON MENTAL HEALTH MANAGEMENT, LLC dba HORIZON HEALTH BEHAVIORAL HEALTH SERVICES AND <<INSERT PHYSICIAN NAME>>

This Medical Director Services Agreement ("Agreement"), is made as of this <<Insert Day>> day of <<Insert Month>>, <<Insert Year>> ("Effective Date") between Horizon Mental Health Management, LLC d/b/a Horizon Health Behavioral Health Services (hereinafter referred to as "Horizon"), and <<Insert Physician Name>>. (hereinafter referred to as "Physician).

### BACKGROUND

Horizon is the contract manager of a <<Insert behavioral health or acute rehabilitation>> unit (the "Unit") at <<Insert Hospital Name>> (the "Hospital") located in <<Insert City, State>> pursuant to a Management Services Agreement, dated <<Insert Date>> ("Management Agreement").

Physician is a duly licensed physician in the State of <<Insert State>>, and is experienced in the provision of <<Insert behavioral or rehabilitation>> medicine.

Horizon desires to engage Physician and Physician desires to be engaged to provide medical director administrative services in accordance with the terms and conditions of this Agreement.

Now, Therefore, in consideration of the mutual promises set forth herein, and intending to be legally bound, the parties agree as follows:

### AGREEMENT

- I. <u>Incorporation of Background; Defined Terms</u>. The Background provisions set forth above (including, but not limited to all defined terms set forth therein) are true and correct and are hereby incorporated by reference into this Agreement and made a part hereof as if set forth herein in their entirety.
- II. *Qualifications of Physician*. Physician covenants and agrees that, at all times during the Term (as defined in Article III), Physician shall meet the following qualifications:
- A. Hold a current valid, unrestricted and unlimited license to practice medicine in the State of <<Insert State>> with a board certification in <<Insert behavioral or rehabilitation>> medicine:
  - B. Maintain in good standing an active membership on the medical staff of Hospital;

April 24, 2014

- C. Comply with all applicable Hospital Medical Staff Bylaws, Rules and Regulations;
- D. Comply with Hospital and Unit policies and procedures in effect from time to time;
- E. Adhere to all applicable Hospital policies and procedures, including without limitation, cost containment, utilization review, performance improvement, risk management and corporate compliance, and patient safety programs as may be in effect from time to time;
- F. Adhere to all quality and productivity standards as may be developed by Hospital from time to time;
- G. Participate as a provider in the Medicare and Medical Assistance programs and such other third party payment programs as Horizon or Hospital may require from time to time;
  - H. Maintain a current federal Drug Enforcement Agency license; and
  - I. Not be a Sanctioned Provider as that term is defined on Exhibit A attached hereto.

Physician shall provide Horizon with the following: a Horizon Application for Professional Affiliation, two letters of reference, curriculum vitae, CME credits for past two years, and copies of certificates or letters of verification of: Medical Doctorate, Internship Residency, Board Certification or dates of eligibility, State License, DEA Certificate, Statement of Medical Staff Membership and Clinical Privileges at the Hospital, and documentation of current professional and comprehensive general liability insurance. No payments shall be made to Physician by Horizon until these documents are submitted by Physician.

### III. Term and Termination.

A. Term. Subject only to the provisions for early termination hereinafter set forth, the term of this Agreement shall commence on the Effective Date for an initial term of one year ("Initial Term"). Thereafter, this Agreement shall automatically renew for successive one (1) year terms unless either party provides written notice to the other party of intent not to renew thirty (30) days prior to the expiration of the Initial Term or any renewal term thereafter (the Initial Term and any renewal term thereafter shall be collectively referred to herein as the "Term").

### B. Termination Without Cause.

- (1) Notwithstanding anything herein to the contrary, after the expiration of the Initial Term, Horizon may terminate this Agreement upon thirty (30) days' written notice to the Physician.
- (2) Notwithstanding anything herein to the contrary, after the expiration of the Initial Term, Physician may terminate this Agreement upon one hundred twenty (120) days' written notice to Horizon.

April 24, 2014 11:35am

- A. Compensation. For the Administrative Services (as set forth in Article V (B), rendered by Physician under this Agreement, Horizon shall compensate Physician at the rate of <<Insert Per Hour Rate>> per hour for each documented hour of Administrative Services not to exceed <<Insert Maximum Hours Per Week>> hours per week. Horizon shall not reimburse Physician for professional medical services provided to Unit patients. Physician shall be responsible to bill and collect for professional services provided by Physician to the Unit's patients.
- B. Time Reports. Physician shall submit to Horizon, on a monthly basis, detailed time report, in the form provided by Horizon, specifically delineating Physician's time spent providing Administrative Services (as defined in Article V (B), below) and professional services. Such time report shall be signed by the Physician and shall be submitted to the Horizon Program Director in the month following the month in which such services were provided. Payment will be made to Physician within thirty (30) days of receipt of a complete time report. If a time report is not submitted to Horizon within sixty (60) days of the last day of the month in which the services were provided, Horizon shall have no responsibility to reimburse Physician for Administrative Services provided during that month.
- C. Right to Offset. Horizon shall have the right to offset payments due from Horizon to Physician under this Agreement against any other debts owed by Physician to Horizon.



### Duties and Administrative Services.

- A. General. Generally, Physician shall dedicate not less than <<Insert Minimum Hours Per Month>> hours of service to the Unit per month providing a combination of Administrative Services (as defined in subparagraph (b), below) and professional <<Insert behavioral or rehabilitation>> services for patients of the Unit. Physician shall use his own professional judgment in carrying out professional services related to care provided to patients of the Unit. Physician shall communicate and coordinate Physician's Administrative Services with the Unit Program Director. In connection with matters relating to medical responsibility and patient care oversight, the Physician shall report to the Hospital Chief of Medical Staff.
- B. Specific Duties. As part of Physician's role and responsibility as Medical Director of the Unit Physician shall have duties which shall include, but not be limited to the following (the following services shall be collectively referred to herein as the "Administrative Services"):
- (1) <u>Program Administration</u> Provide program administration and oversight services regarding Unit policies, practice, development, compliance, or performance improvement. Meet with Program Director (who may include other staff, as appropriate) at least once per week, or more often if needed, to discuss Unit needs.
- (2) <u>Program Consultation</u> Provide program consultation for problematic Unit issues or the clinical care of another physician's patients.
- (3) <u>Program Issues</u> Assist in resolving Unit issues as directed specifically by the Program Director or senior Hospital administration. Responds promptly when requested to

April 24, 2014 11:35am

solve medical or administrative issues (no longer than 24 hours or first working day for less urgent problems).

- (4) <u>Training and Supervision</u> Provide training, supervision, and consultation to staff. (consultation that is considered directly related to a patient's care is not considered administrative time) Inservice training for Unit staff shall be provided at least once each quarter (i.e., four or more times per year) on topics relevant to the needs of the staff as determined in consultations with the Program Director or senior Hospital administration.
- (5) <u>Recruitment</u> Provide assistance in recruiting and interviewing potential key staff.
- (6) <u>Chart Reviews</u> Provide reviews of other physicians' chart documentation regarding compliance with Hospital policies and procedures, appropriateness of admissions and continued stay.
- (7) <u>Hospital Staff</u> Proactively arrange meetings with the Senior Medical Officer of the Hospital to assure Hospital's ongoing medical staff supervision of the Unit. Actively visit and maintain relationships with other physicians on the Hospital staff and coordinate <<Insert behavioral or rehabilitation>> services with other areas of the Hospital.
- (8) <u>Quality Assurance</u> Serve on Unit Quality Assurance/Performance Improvement. Committee, and continually work with the active Medical Staff as needed to assure quality care, as well as timely and accurate completion of medical records.
- (9)  $\underline{\text{Education}}$  Participate in any educational programs conducted by the Hospital Medical Staff.
- (10) <u>Coverage</u> Arrange for Unit clinical coverage at all times by a competent, clinically privileged physicians for clinical emergency situations.
- (11) <u>Compliance</u> Work with Program Director to assure the Unit meets all Joint Commission, CARF and all other federal, state and/or local regulatory requirements.
- VI. <u>Compliance with Laws</u>. In performance of Physician's duties under this Agreement, Physician shall comply with all applicable federal, state and local laws, regulations, accreditation standards (collectively, the "Laws").
- VII. <u>Private Practice</u>. If Physician operates a private physician practice, it is understood by the parties that there is no expectation, obligation or requirement for Physician to admit or refer patients to the Unit or other parts of the Hospital. Should Physician seek admitting privileges to the Unit, Physician shall be solely responsible for making the decision to admit patients to the Unit consistent with the admission criteria for the Unit established by the Hospital. In addition, it is the sole responsibility of the Physician to determine the appropriate time to discharge patients under Physician's care.

VIII. Professional Liability Insurance.

Page Twenty-Two April 24, 2014

20. Section C., Orderly Development, Item 7

Please discuss what the applicant's plans are regarding the avoidance of similar deficiency citations in future surveys, including citations pertaining to nursing services, discharge planning and medical record services that were noted in the full Joint Commission report during the January 10 – January 11, 2012 survey of SRMC-Etowah.

The Etowah facility did not belong to LifePoint or SRMC Athens at the time of these deficiencies. SRMC and LifePoint take appropriate measures to avoid Joint Commission citations and to correct any that are issued. Department heads and concerned personnel meet with management to identify and correct past problems, and to identify means by which such citations are avoided in the future.

21. Annual Progress Report

According to HSDA records, an affiliated facility, Livingston Regional Hospital in Livingston, TN has an outstanding certificate of need (CN1102-005), whose final project report was due in February 2014. However, a 2/25/14 e-mail from John Wellborn to the Agency stated that CN1102-005 may be voluntarily surrendered in the near future. However, nothing further has transpired to this effect as of 4/8/14. Since the CON is due to automatically expire in July 2014, please clarify the status of this CON.

LifePoint has confirmed to SRMC that it is Livingston Regional Hospital's intention not to implement the expansion, but rather to return the CON to the HSDA for voidance. The hospital's CEO has been asked to do that as soon as possible.

**Additional Information:** Attached are support letters for the project, which SRMC has received to date.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please FAX or telephone me so that we can respond in time to be deemed complete.

Respectfully, Wellborn

John Wellborn Consultant

April 24, 2014 11:35am





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CAREERS

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**VETERANS** 

RECOVERY

**ADULTS** 

CHILDREN

IN CRISIS?

latest NEWS

# VOLUNTEER PRESIDENT/CEO, CHRIS WYRE, NAMED MHCA CHAIRMAN OF THE BOARD

MHCA, a national association of high performing behavioral healthcare service provider organizations, has announced election of Chris Wyre, MBA to chair its board of directors and lead the organization in 2014. Wyre is CEO of Volunteer Behavioral Health Care System in Murfreesboro, Tennessee. Wyre first joined mhca in 1994 as CEO of The Guidance Center. ...

# M.A.S.H. HOMELESS VETERANS PROGRAM HIGHLIGHTED IN THE CHATTANOOGA AREA

WTVC News Channel 9 Chattanooga recently highlighted our M.A.S.H. Program Click Here for the interview link. Help us spread the word about M.A.S.H.!

### MASH PROGRAM IS IN THE NEWS AGAIN

We're excited to share the wonderful article that ran in The Tennessean this past weekend. Click here for the full article.

# SERVING MIDDLE, UPPER CUMBERLAND and SOUTHEAST TENNESSEE

Serving over **45,000 people** in **31 counties**, Volunteer Behavioral Health Care System is a leading mental health provider in the middle, southeast, and upper cumberland regions of Tennessee. We strive to make a difference in every life. We live by our slogan, "Help Today... For a Better Tomorrow".

Volunteer Behavioral Health Care System welcomes any person seeking services for mental health conditions or addiction issues. We use a "no wrong door" approach, and serve people with cooccurring mental illness and addiction based on our core values.

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THE ART of RECOVERY



Craig McCowan pen and ink drawing Ancient Abstract in Modern Times

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### **CRISIS SERVICES**

Help is available 24 hours a day, 7 days a week. Call our Crisis hotline: 1-800-704-2651.

Crisis Services are available 24 hours a day to respond to adults experiencing a mental health crisis. A mental health crisis is an emergency condition that involves a serious disruption in an individual's daily functioning.

Crisis Services offers information and crisis phone counseling, face to face crisis evaluation, triage and referrals by mobile crisis teams. Crisis Walk-in Centers are available in Chattanooga and Cookeville. Follow-up services includes encouragement and assistance for the individual in accessing on-going services.

### MOBILE CRISIS RESPONSE

Community-based crisis response services include the Mobile Crisis Response Teams. The teams provide crisis intervention services in a variety of community settings, including emergency rooms, physician offices, jails and in homes. The service assists individuals who are experiencing a mental health crisis. The Mobile Crisis Response Teams conduct assessments and develop treatment plans based on the immediate safety needs of the individual experiencing the crisis.

### CRISIS WALK-IN CENTERS

Crisis Walk-in Centers are available in Chattanooga and Cookeville, Tennessee. The Crisis Walk-in Centers are available 24 hours per day. Treatment professionals and medical staff are available to assist anyone experiencing a mental health crisis.

### CRISIS STABILIZATION UNIT (CSU)

Crisis Stabilization Units provide short-term assistance for individuals experiencing a mental health crisis.

Crisis Stabilization Units are located in Chattanooga and Cookeville. Each CSU offers a non-hospital facility with medically supervised short term intensive mental health treatment (up to 72 hours) to adults experiencing serious psychiatric disorders. The Crisis Stabilization Unit offers a place for individuals to receive respite, obtain stability and provides support to families during psychiatric crises.

### **VBHCS NEWS**

Volunteer President/CEO, Chris Wyre, Named MHCA Chairman of the Board

M.A.S.H. Homeless Veterans Program Highlighted in the Chattanooga Area

MASH Program is in the news again

Senator Charlotte Burks Retiring

New Center Director Named for Valley Ridge Mental Health Center

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### ADULT SERVICES

### **OUTPATIENT TREATMENT**

Services include individual, couples, family and group therapy. Outpatient treatment services address mental health conditions, addiction and co-occurring disorders. These services are available at each location throughout VBHCS.

### **EVALUATION SERVICES**

VBCHS has a network of trained provides to conduct evaluations. Services include psychological evaluations, fitness for duty evaluations, forensic evaluations and psychosexual evaluations. Other services available include alcohol and drug assessments and parenting assessments.

### CASE MANAGEMENT

Case Management is a specialty service to assist individuals and families cope with serious mental illness. For many people, Case Management is a lifeline between resources in the community, medical care and mental health care. Case Managers are in the community every day helping people coordinate appointments, advocating on behalf of individuals and families, and access resources such as food banks or transportation. They provide vital community and home-based support services to people experiencing serious mental illness.

### PSYCHIATRIC SERVICES AND MEDICATION MANAGEMENT

Psychiatric evaluation and medication management can be an important part of the recovery process. Medical professionals trained in the treatment of mental health conditions and co-occurring disorders are a vital part of the treatment team. Psychiatric services include medication monitoring and management. Services are provided throughout VBHCS by psychiatrists, nurse practitioners and nurses.

### **TELEHEALTH**

Telehealth is an innovative way to ensure easy access to medical personnel. Telehealth is a direct connection to physicians and medical staff within our system from all locations within Volunteer's 11,000 square miles of coverage area. The telehealth program provides psychiatric coverage to rural counties and enables the medical team to consult with one another on a regular basis.

### PEER SUPPORT CENTERS

Peer Support Centers provide individuals experiencing mental illness and co-occurring

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disorders with a welcoming recovery environment. The program is free to anyone who has a mental health condition or co-occurring mental illness and addiction. Overall health and wellness are important components of the Peer Support Centers. WRAP and Bridges classes assist members in achieving goals. The Centers are peer-run and embrace the principles of recovery, offering a variety of educational, social and recovery-oriented programs.

### RESIDENTIAL SERVICES

Volunteer provides a wide range of client driven and community based services that respond to community needs. This includes community based residential opportunities for qualified persons with a history of being severely and persistently mentally ill. Our residential efforts began in the early 1980s and continue today. Residential services are directed toward helping persons with psychiatric disabilities live successfully in diverse communities. Emphasis is placed on insuring a safe, affordable, and empathic environment that is appropriate for the current level of client need. Residential services, in addition to outpatient treatment services, provide qualified clients the opportunity to proceed from hospital settings through a range or continuum of residential options. These level of care options include Supervised Residential (SR), specialized long-term housing, traditional supported living facilities (SLF), supported apartments, and independent community living.

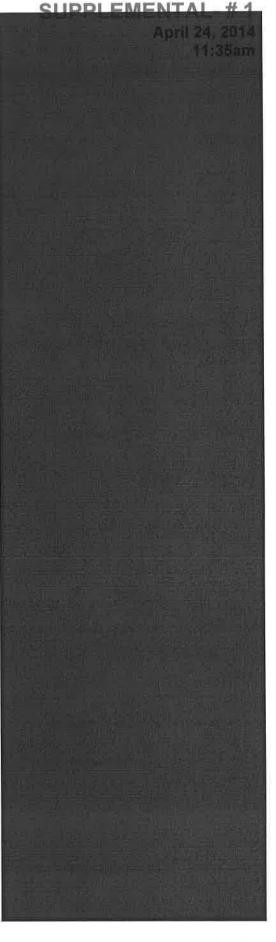
Volunteer housing management is based on the strengths model. It assumes that all persons are capable of growth and that family and communities are resources. It requires a flexible, individualized support system that places clients in settings that maximize their integration into community activities to enhance their ability to function independently. Our housing philosophy is directly linked with the Tennessee Department of Mental Health and Developmental Disabilities (TDMHDD) housing philosophy. Residential Services are currently located in the following counties: Bledsoe, Bradley, Franklin, Hamilton, Marion, McMinn, Warren, and Wilson.

### CRIMINAL JUSTICE MENTAL HEALTH LIAISON

Through a grant from the state Volunteer provides a staff person in Hamilton county to work within the legal system to advocate for persons who have mental illness. Goals include early identification and diversion for those who are at risk for incarceration and linkage with needed services for those who have become incarcerated. Secondly, CJMH liaisons provide overview training of mental health disorders for law enforcement, attorneys, probation and parole and training on the legal system for mental health professionals. This service can be accessed through the Volunteer Chattanooga office.

## PROJECTS FOR ASSISTANCE IN TRANSITION FROM HOMELESSNESS (PATH)

The PATH Program is a federal program administered by the Substance Abuse and Mental Health Services Administration. The focus of this program is to help meet the needs of homeless people who have mental illnesses by engaging them in the services provided by mental health centers and other mental health providers, community-based social service agencies, health care providers and substance abuse service providers. Services include outreach, screening and assessments, case management services,



habitation and rehabilitation, alcohol or drug treatment, and limited housing services. Volunteer offers this program at The Guidance Center in Murfreesboro, Plateau Mental Health in Cookeville, and Johnson Mental Health Center in Chattanooga.

### CHOICES WOMEN'S PROGRAM

The Choices program provides the support you need to make your recovery real. Experience genuine supportand develop real-life skills to prevent relapse. Become part of Choices and experience real recovery. The Choices program offers an intensive outpatient program, meeting three days per week, for three hours per day. After completing the intensive outpatient program, aftercare support groups meet regularly to help you stay on your path of recovery. CHOICES is offered in our Murfreesboro, Cookeville, Athens and Madisonville locations.

### MY RECOVERY- E THERAPY AND ONLINE SUPPORT

The program, My Recovery.vbhcs, is a way to stay in touch with people in recovery and with a therapist to help you with life issues as they arise. For many people, getting support and therapy on-line may seem unusual. However, there are many advantages to on-line support. To participate in My Recovery.vbhcs, talk with your counselor about enrolling in the program. You will need to complete a short screening to make sure an on-line program best meets your needs. Once accepted, you will be provided a log-in and password and complete as brief orientation to Myrecovery.vbhcs.

### CONNECTING MY RECOVERY

This programs purpose is to assist individuals with substance use, co-occurring disorders and chronic medical conditions. Connecting My Recovery is an innovative program that serves adults who are experiencing symptoms of addiction or co-occurring disorders and chronic medical conditions. The program uses technology to help individuals monitor and manage chronic conditions. Health education is an important part of the program and gives participants the tools they need to live healthy, recovery oriented lives. For more information please contact our Cookeville office.

### M.A.S.H. (MISSION ACCOMPLISHED: STABILIZED HOUSING)

The M.A.S.H. Program provides supportive services to very low-income veteran families who are at risk of homelessness or who are homeless. This grant allows us to assist very low income veteran families by providing a range of supportive services designed to promote housing stability. M.A.S.H. proudly serves: Bledsoe, Bradley, Cannon, Clay, Cumberland, DeKalb, Fentress, Franklin, Grundy, Hamilton, Jackson, Macon, Marion, McMinn, Meigs, Overton, Pickett, Polk, Putnam, Rhea, Sequatchie, Smith, Van Buren, Warren, White and Wilson Counties. For more information email: ssvf@vbhcs.org

### TRANSITION TO RECOVERY (TTR)

TTR is designed to eliminate barriers to successful reincarnation back into the community by assisting participants with recovery from addiction disorders, co-occurring disorders and trauma. The program provides screening, assessment and reentry planning for participants who are within four months of release from jail and have been sentenced to more than three months of incarceration.

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### CHILDRENS SERVICES

### **OUTPATIENT SERVICES**

Outpatient services include several treatment components. Individual, family and couples therapy is available as part of outpatient services throughout the Volunteer system. Volunteer has clinical staff trained in family therapy as well as expertise in treatment of marital and relationship issues. Individual therapy is available for children, adolescents and adults. Specialized group therapy is available at several locations. These include groups addressing attention deficit hyperactivity disorder, depression, anger management and sexual offender treatment. Providers are trained in several evidence-based practices including Trauma-Focused Cognitive Behavioral Therapy (TF\_CBT) and Attachment, Self-Regulation and Competency (ARC).

### **EVALUATION AND ASSESSMENT SERVICES**

Evaluation services are available to children and adolescents throughout the Volunteer service area. Specific services include psychological evaluations, parenting assessments, alcohol and drug assessments and sexual offender assessments. We also provide consultation and evaluation services for local school systems and work with families to ensure appropriate mental health evaluations are administered.

### COURT ORDERED EVALUATIONS

Local juvenile court systems often look to Volunteer Behavioral Health Care Services clinical staff to provide evaluation services for children and adolescents involved in the court system. We provide psychological evaluations, competency evaluations and assessments of mental status as well as substance abuse. These services assist judges and court officers in planning for the care of the children and adolescents under their jurisdiction. Clinical staff who specialize in forensic evaluations work closely with the court systems in our area in providing these services. Court ordered evaluations are available in each county served by Volunteer Behavioral Health Care Services.

### CHILD AND ADOLESCENT CASE MANAGEMENT

Case management services for children and adolescents provide the entire family system with support, linkage, referral, and advocacy. The case manager's role is to assist the family in accessing services, managing crisis and maintaining the least restrictive environment for the child/adolescent being served. Case management is a familycentered, strengths-based model specifically for families with children who are seriously emotionally disturbed.

### SPECIALIZED PSYCHIATRIC SERVICES

### **VBHCS NEWS**

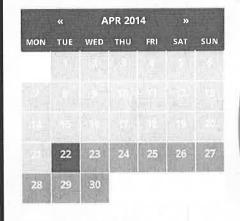
Volunteer President/CEO, Chris Wyre, Named MHCA Chairman of the Board

M.A.S.H. Homeless Veterans Program Highlighted in the Chattanooga Area

MASH Program is in the news again

Senator Charlotte Burks Retiring

New Center Director Named for Valley Ridge Mental Health Center



Many times children require medications to assist with managing emotional problems. Volunteer's medical team consists of several experts in the field of child and adolescent psychiatry. The medical team includes registered nurses, nurse practitioners and psychiatrists.

### TELEHEALTH

Telehealth is an innovative way to ensure easy access to medical personnel. Telehealth is a direct connection to physicians and medical staff within our system from all locations within Volunteer's 11,000 square miles of coverage area. The telehealth program provides psychiatric coverage to rural counties and enables the medical team to consult with one another on a regular basis.

### PROJECT AFFIRM

Project AFFIRM is a planned respite program for families with children who have serious emotional disturbances. The program provides families with break time and support, as well as the development of behavioral management skills with the children. The program model provides short-term relief as well as teaching an empowerment model to parents which assists the families in accessing community supports for longer-term respite care.

Volunteer also provides state technical assistance and training to all state contracted planned respite programs throughout Tennessee.

### REGIONAL INTERVENTION PROGRAM (RIP)

RIP is a nationally recognized model for assisting families with learning behavior management skills. RIP is a grant funded program providing parents with opportunities to learn and practice skills in a supportive environment. The program is designed for families with children under six years of age who are experiencing behavioral problems.

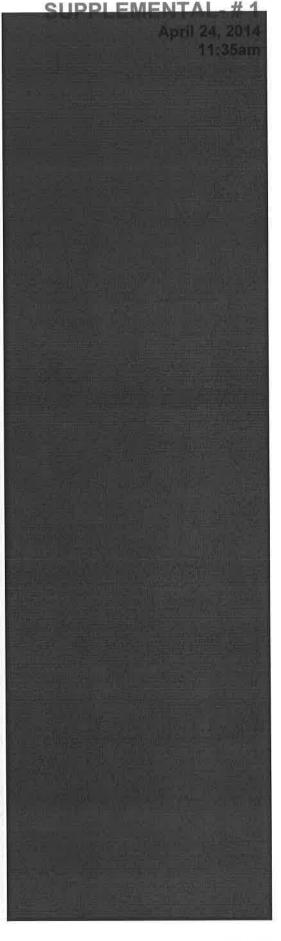
Volunteer also houses the Regional Intervention Program State Coordinator. The position provides training, consultation and programmatic guidance to RIP programs throughout the state.

### PROJECT BASIC (BETTER ATTITUDES AND SKILLS IN CHILDREN)

Project Basic is a school-based mental health early intervention and prevention program. This grant-funded program provides Child Development Specialists in elementary schools. The program targets students from kindergarten to third grade, providing early identification and intervention, teacher consultation and classroom programming to promote positive attitudes and mental health wellness concepts. Families with students at high risk of emotional disturbances are linked to community services and treatment services.

### SCHOOL-BASED COUNSELING

School-based counseling provides mental health counseling services for children and adolescents in the school setting. Individual therapy, family consultation and school staff consultation is provided for targeted children and adolescents within a specific



school location.

### ADOLESCENT DAY TREATMENT

The Endeavor Program in Cookeville is a structured adolescent day treatment and school program for adolescents between the ages of 13 to 18. The program provides a structured treatment component for adolescents experiencing addiction or co-occurring mental illness and addiction. The treatment activities include groups and Individual counseling to enhance understanding of addiction and co-occurring disorders. Individual needs are addressed and cognitive behavioral therapy is used to improve coping skills. The Endeavor program's educational component ensures that participants continue making academic progress while in the program.

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### PEER RECOVERY

### MY RECOVERY

**MyRecovery.vbhcs.org** is a positive, strengths-focused website to support people in recovery from addiction and co-occurring disorders. The website provides e-therapy with a master's level therapist, self-help support groups and chat rooms facilitated and monitored by recovery coaches. The site offers resources and educational materials on a variety of issues related to addiction and co-occurring disorders

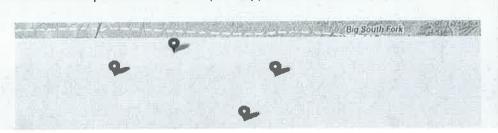
MyRecovery.vbhcs.org offers hope for recovery through a variety of peer support opportunities including developing a personal profile, posting updates, blogs, affirmations recovery chats and private messaging. The live, real time chat rooms are an invaluable resource and provide a place to share positive feedback through the experiences, strength and hope of others in recovery. Chat rooms also hold real time, all inclusive recovery meetings which focus on co-occurring issues as well as substance abuse. The therapeutic value of one recovering individual assisting another is one of our greatest attributes. MyRecovery is a nontraditional recovery support program and is not meant to "replace" one type of recovery for the other, but is intended to be a supplement for many that are unable to find recovery in traditional methods or mediums.

### PEER SUPPORT CENTERS

Peer support can be one of the most significant tools a person can use on their journey to recovery.

The VBH Peer Support Centers utilize a peer to peer best-practice model that supports people who have been diagnosed with mental illness. The centers utilize Peer Support Specialists, mental health consumers themselves, who recognize that people are capable of solving most of their own problems of daily living. The Peer Support Specialist focuses on wellness and recovery rather than on illness and disability as peers share with one another their experiences, their strengths, and their hope - a powerful combination for recovery.

Click on the map to determine which peer support center is closest to you:



### **VBHCS NEWS**

Volunteer President/CEO, Chris Wyre, Named MHCA Chairman of the Board

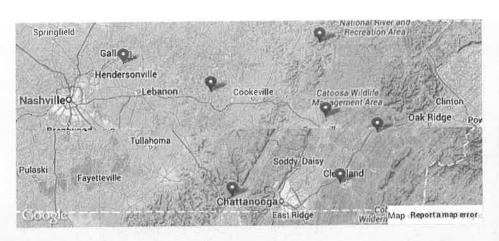
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### CONCORD HOUSE

Host Agency Contact: Susan Phillips, 615-444-4300 Belinda Stafford, Manager 615-666-9896 707 Music Row Road Lafayette, TN 37083

### THE COTTAGE

Host Agency Contact: Sheila Beard, 423-942-3961
Paul Turney, Manager
423-942-9177
112 College Street
Jasper, TN 37347

### DAKODA PLACE

Host Agency Contact: Carrie Robinson, 423-745-8802 Tina Gesolgon, Manager 424 Old Riceville Road Athens, TN 37303

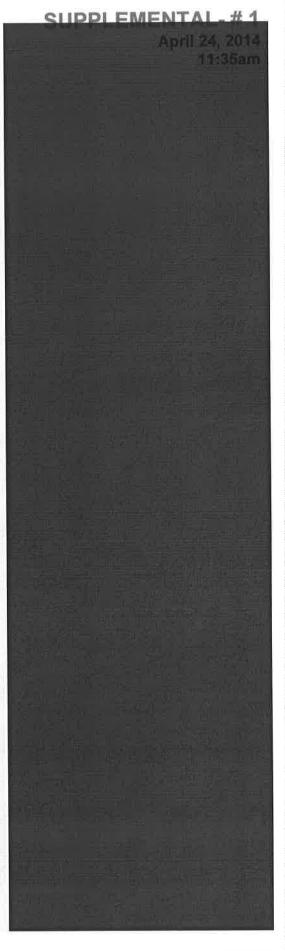
### DAKODA PLACE

Host Agency Contact: David Franz, 423-479-5454 Tina Gesolgon, Manager 423-339-9622 940 South Ocoee St Cleveland TN 37311

### FRIENDS & COMPANY

Host Agency Contact: Shelba Hodges, 931-432-4123 Angel Smithers, Manager (931) 432-7875 1200 South Willow Avenue Cookeville TN 38506

### FRIENDSHIP CIRCLE



CHIDDLE MENTAL

Host Agency Contact: Carrie Robinson, 423-745-8802 Becky Porter, Manager 423-775-0809 9443 Rhea County Highway Dayton, TN 37321

### HARMONY HOUSE

Host Agency Contact: Janie Stewart, 423-473-9649 Mary Webb, Manager 931-280-7958 107 Lyon St. McMinnville, TN 37110

### MY FRIENDS HOUSE

Host Agency Contact: Anne Stamps 931-823-5678 Nicole Pass, Director 931-823-5680 209 B South Church St. Livingston, TN 38570

### PREPS CENTER

Host Agency Contact: Anne Stamps, 931-484-8020 Sandra Crabtree, Director 931-456-4727 47 Willow Street Crossville, TN 38558

### ENRICHMENT HOUSE

Host Agency Contact: Susan Phillips, 615-666-8070 Belinda Stafford, Manager 615-452-2344 538 East Main Street Gallatin, TN 37066

### **OUR PLACE**

**GET HELP** 

Host Agency Contact: Kim Rush, 615-898-0771 Ed Rothstein, Manager 615-867-3538 120 Hancock Street Murfreesboro, TN 37130

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### ADDICTION and CO-OCCURRING DISORDERS SERVICES

APPOINTMENTS

### **OUTPATIENT SERVICES**

Addictions and co-occurring disorders treatment services are designed to help individuals develop the necessary skills to maintain a healthy, recovery-oriented lifestyle. Outpatient counseling may include individual, family and group counseling. Family involvement is an important component of the recovery process and is welcome as part of each person's treatment process. Outpatient counseling is offered at all locations.

### INTENSIVE OUTPATIENT PROGRAM

Intensive Outpatient Programs provide a structured, evidence-based treatment services for individuals with addiction or co-occurring mental illness and addiction. The program meets at least three hours per day a minimum of three days per week. Services are offered in a group format. On-going support and aftercare are vital components to continuing recovery and are available as part of the Intensive Outpatient Programs.

### ADOLESCENT DAY TREATMENT

The Endeavor Program in Cookeville is a structured adolescent day treatment and school program for adolescents between the ages of 13 to 18. The program provides a structured treatment component for adolescents experiencing addiction or co-occurring mental illness and addiction. The treatment activities include groups and Individual counseling to enhance understanding of addiction and co-occurring disorders. Individual needs are addressed and cognitive behavioral therapy is used to improve coping skills. The Endeavor program's educational component ensures that participants continue making academic progress while in the program.

### RESIDENTIAL TREATMENT AND DETOXIFICATION

The New Leaf Recovery Center in Cookeville, Tennessee provides residential treatment and detoxification for individuals with addiction and co-occurring disorders. The Medical and Social Detoxification Programs offers a planned regimen that includes 24hour medically directed evaluation and monitoring. When detoxification is completed, participants can make a smooth transition into the residential treatment program. The program provides a structured treatment program using evidence-based protocols to assist individuals with the first steps toward recovery. Discharge planning includes the development of a comprehensive, community-based recovery and relapse prevention plan.

### **VBHCS NEWS**

Volunteer President/CEO, Chris Wyre, Named MHCA Chairman of the Board

M.A.S.H. Homeless Veterans Program Highlighted in the Chattanooga Area

MASH Program is in the news again

Senator Charlotte Burks Retiring

New Center Director Named for Valley Ridge Mental Health Center

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### MEDICALLY MANAGED CRISIS DETOXIFICATION

The Medically Managed Crisis Detoxification program provides detoxification to individuals who are experiencing a mental health crisis and are in need of detoxification from alcohol or drugs. The program is located in Cookeville and is a collaboration between the Crisis Stabilization Unit, Walk-in Center and New Leaf Recovery Center.

### HALF-WAY HOUSE

Reality House in Cleveland is a 10 bed halfway house for males. Admission is open to persons who have been through a detoxification program or have documentation that they have not used alcohol or drugs in at least 14 days. These individuals must desire a safe place to continue the learning process necessary for sustained recovery.

### CHOICES WOMEN'S PROGRAM

The Choices program provides the support you need to make your recovery real. Experience genuine supportand develop real-life skills to prevent relapse. Become part of Choices and experience real recovery. The Choices program offers an intensive outpatient program, meeting three days per week, for three hours per day. After completing the intensive outpatient program, aftercare support groups meet regularly to help you stay on your path of recovery. CHOICES is offered in our Murfreesboro, Cookeville, Athens and Madisonville locations.

### CONNECTING MY RECOVERY

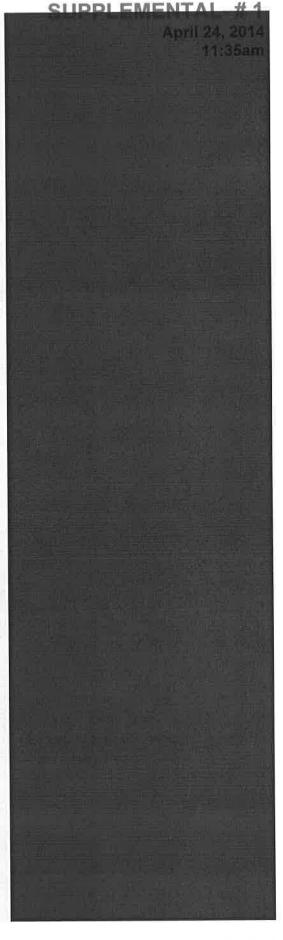
This programs purpose is to assist individuals with substance use, co-occurring disorders and chronic medical conditions. Connecting My Recovery is an innovative program that serves adults who are experiencing symptoms of addiction or co-occurring disorders and chronic medical conditions. The program uses technology to help individuals monitor and manage chronic conditions. Health education is an important part of the program and gives participants the tools they need to live healthy, recovery oriented lives. For more information please contact our Cookeville office.

### MY RECOVERY

New Leaf Recovery Program offers an on-line service to help you continue moving forward in recovery. The program, MyRecovery.vbhcs.org, is a way to stay in touch with people in recovery and with a therapist to help you with life issues as they arise. For many people, getting support and therapy on-line may seem unusual. However, there are many advantages to on-line support. To participate in MyRecovery.vbhcs, talk with your counselor about enrolling in the program. You will need to complete a short screening to make sure an on-line program best meets your needs. Once accepted, you will be provided a log-in and password and complete as brief orientation to Myrecovery.vbhcs.org

# ADDICTIONS AND CO-OCCURRING DISORDERS SPECIALTY CONTRACTS

Addiction Recovery Program provides recovery-oriented support for individuals with addiction or co-occurring disorders. Services include individual and group formats for



relapse prevention and recovery skills development.

Community Treatment Collaborative provides addictions treatment services to individuals involved with the criminal justice system. Referrals are accepted from the Board of Probation and Parole forensic social workers in each area.

Supervised Probation Offender Treatment is a contracted service with the Tennessee Department of Mental Health and Substance Abuse Services and the Department of Corrections to provide addictions treatment services for individuals on probation.

ADAT is a DUI program providing a variety of treatment resources for individuals with multiple DUIs. The service must be referred via the court system.

CLIDDLEMENTAL # 1

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### HIWASSEE MENTAL HEALTH CENTER - ATHENS

APPOINTMENTS



Director: Carrie Robinson

### Location:

SERVICES & PROGRAMS

1805 Ingleside Ave Athens, TN 37303 Phone: (423) 745-8802 Fax: (423) 744-7064

### **Mailing Address:**

P.O. Box 685 Athens, TN 37371

### AVAILABLE PROGRAMS:

- Addiction Recovery Program
- Apartments One and Two Bedroom
- Case Management adult and child
- Community Treatment Collaborative Board of Probation and Parole treatment
- Federal Probation mental health and addictions treatment services
- Forensic Services
- Genoa Pharmacy
- Intensive Outpatient for Women with Co-Occurring disorders (CHOICES)
- Mobile Crisis Response
- Outpatient Therapy individual, family and group
- Peer Support Center
- Positive Action Prevention Program
- Project Basic
- Psychiatric Medication Management
- Psychological Evaluations
- Psychosexual Evaluations for adults and adolescents
- Rental Assistance
- Specialty Contracts for VA and Military Evaluations
- Supervised Probation Offender Treatment
- Supportive Housing
- Tele-health

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### HIWASSEE MENTAL HEALTH CENTER - CLEVELAND



**Director**: David Franz

### Location:

940 South Ocoee St Cleveland, TN 37311 Phone: (423) 479-5454 Fax: (423) 339-3421

### AVAILABLE PROGRAMS:

- · Addiction Recovery Program
- Case Management adult and child
- Community Treatment Collaborative Board of Probation and Parole treatment
   contract
- Federal Probation mental health and addictions treatment services
- Forensic Services
- Mobile Crisis Response
- Outpatient Therapy individual, family and group
- Peer Support Center
- Positive Action Prevention Program
- Psychiatric Medication Management
- Psychological Evaluations
- Psychosexual Evaluations for adults and adolescents
- Regional Intervention Program (RIP)
- Rental Assistance
- Residential Recovery Program- Halfway House
- Specialty Contracts for VA and Military Evaluations
- Supervised Probation Offender Treatment
- Supportive Housing
- Tele-health

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April 24, 2014 11:35am

April 24, 2014 11:35am



P.O. Box 957 • 409 Grady Rd. • Etowah, TN 37331 Ph: 423-263-1138 • Fox: 423-263-8876 www.Etowah-Health-Care.com

### To whom it may concern:

We endorse the granting of a certificate of need for additional geropsych beds at Starr Regional Senior Care. As a facility we utilize the geropsych unit at Starr Regional (Etowah) for residents with unstable behaviors. Their staff and physicians try to respond to our needs. They provide hospital level psychiatric care for our residents when beds are available.

There are times when we have residents that are advancing with diseases and need additioOnal psychiatric services; Starr Regional Senior Care has not had beds available. Additional beds would greatly enhance their ability to care for the psychiatric needs of our patients.

Jonathan fiels Administrator



# Sweetwater Nursing Center

**SUPPLEMENTAL-#1** 

April 24, 2014 ——11:35am

978 Highway 11 South ~ Sweetwater, TN 37874 ~ Phone (423) 337-6631 ~ Fax (423) 337-3801

February 18, 2014

To Whom It May Concern:

At Sweetwater Nursing Center, we refer our residents and families to Starr Regional Medical Center's Senior Care Unit for Geri-Psychiatric care. We have been pleased with the services provided as they are the preferred choice. Occasionally, an admission has been delayed or we have had to send a resident elsewhere due to a bed not being available. Expansion of the Senior Care Unit would greatly help to provide inpatient Geri-Psych treatment services for the people in our area. Any help with this matter would be appreciated.

Sincerely,

Deff Scott Administrator Nursing Michael Roberts
Director of Social Services

Cynthia Thomas
Director of Nursing

Jennifer Barnett
Assistant Director of



SUPPLEMENTAL- # 1
April 24, 2014
11:35am

March 26, 2014

To whom it may concern:

McMinn Memorial Nursing Home and Rehabilitation Center in Etowah provides quality skilled nursing and long-term care for the people of our region. When one of our residents needs psychiatric care that we cannot provide, we know that we can count on Starr Regional Senior Care to provide quality psychiatric care.

Even though we are part of the same healthcare system, there are times that the Senior Care unit is full with a waiting list for available beds. We believe that it increase in the number of geropsychiatric beds at Starr Regional Etowah would greatly benefit the patient populations in our region.

We wholeheartedly endorse the expansion of Starr Regional Senior Care in Etowah.

Sincerely,

Robert G Polahar

June BRoldier

Administrator

Renee Townsend, RN Director of Nursing

April 24, 2014 11:35am

## 15.001 - UTILIZATION MANAGEMENT AND MONITORING

SUPPLEMENTAL- # 1 Policy No. 15.001 April 24, 2014

11:35am

### 1.0 POLICY

Utilization Review Plan for the psychiatric unit is contained in the hospital-wide plan.

### 2.0 PROCEDURE

### A. Utilization Review Management

- 1. The utilization plan requires an active, ongoing review of patients in the psychiatric program.
- 2. All cases (regardless of payor source) are reviewed within 24 hours of admission for appropriateness and medical necessity requirements.
- 3. All cases (regardless of payor source) are reviewed for continued stay and medical necessity not less than every 72 hours.
- 4. Reviews are performed apart from treatment planning in an objective process by designated, trained clinical staff.
- 5. Documentation for reviews is not contained in the medical records, but in an established format described in the utilization review plan.

### B. Utilization Review Monitoring

- 1. Monthly utilization monitoring occurs which includes the evaluation and trending of the following circumstances:
  - a. Involuntary admissions.
  - b. Readmissions within 30 days.
  - c. Hospitalization less than 72 hours.
  - d. AMA discharges.
  - e. Transfers to and/or from acute care units within the facility.
  - f. Extended stays due to disposition or placement issues.
- C. There is a mechanism in place for tracking denials on a routine basis.



April 24, 2014
Inpatient Policies & Procedures 35am

Policy No. 02.001 Page 1 of 2

### 02.001 - ADMISSION CRITERIA

### 1.0 PURPOSE

The Hospital's process for admission to the psychiatric unit is based on each patient's assessed needs.

### 2.0 POLICY

The Hospital accepts for care, treatment, and services only those patients whose identified care, treatment, and services needs it can meet.

#### 3.0 PROCEDURE

### Intake and Admission

### Admission Criteria:

- A. Admission to the Psychiatric Program is indicated for patients above the age of 18 who have a DSM IV diagnosis and, in addition, meet the severity of illness and intensity of service criteria (at least one from each) listed here.
- B. Admission criteria is applied uniformly to, both, Medicare and Non-Medicare patients.

### C. Severity of Illness

- 1. Suicide attempts, threat to self, require 24 hour professional observation.
- 2. Suicidal ideation or gesture within 72 hours prior to admission.
- 3. Self-mutilation behavior (actual or threatened) within 72 hours of admission.
- 4. Homicidal ideation, threat to others, requires 24 hours professional observation
- 5. Assaultive behavior threatening others within 72 hours prior to admission.
- 6. Command hallucinations directing harm to self or others where there is risk of patient taking action.
- 7. Chronic and continuing self-destructive behavior (e.g., bulimic behaviors, substance abuse) that poses a significant and/or immediate threat to life, limb, or bodily function.
- 8. Psychiatric symptoms (e.g., hallucinations, delusions, panic reaction, anxiety, agitation, depression) severe enough to cause disordered, bizarre behavior (e.g., catatonia, mania, incoherence, autism) or psychomotor retardation resulting in significant interference with activities of daily living
- 9. Cognitive impairment (disorientation or memory impairment) due to an acute AXIS I disorder that endangers the welfare of patients or others.
- For patients with a dementing disorder for evaluation or treatment of a psychiatric co morbidity (e.g., risk of suicide, violence, severe depression) warranting inpatient admission.
- 11. A mental disorder causing major disability in social, interpersonal, occupational, and/or educational functioning that is leading to dangerous or life-threatening functioning, and that can only be addressed in an acute inpatient setting.
- 12. A mental disorder that causes an inability to maintain adequate nutrition or self-care, and family/community support cannot provide reliable, essential care, so that the patient cannot function at a less intensive level of care during evaluation and treatment.

# Starr Regional MEDICAL CENTER GETOWAH

## **SUPPLEMENTAL-#1**

April 24, 2014

Inpatient Policies & Procedures:35am

Policy No. 02.001 Page 2 of 2

### 02.001 - ADMISSION CRITERIA

- 13. Failure of outpatient psychiatric treatment so that the individual requires 24- hour professional observation and care. Reasons for the failure of outpatient treatment could include:
  - a) Increasing severity of psychiatric symptoms:
  - b) Noncompliance with medication regimen due to the severity of psychiatric symptoms;
  - c) Inadequate clinical response to psychotropic medications;
  - d) Due to the severity of psychiatric symptoms, the patient is unable to participate in an outpatient psychiatric treatment program.

### Intensity of Service

#### **Treatments**

Continuous observation and control of behavior to protect self, others, and/or property (e.g., isolation, restraint, and other suicide/homicide precautions)

Comprehensive multi-modal therapies plan requiring close medical supervision and coordination due to its complexity and/or severity of the patient's signs and symptoms.

Psychoactive medications which require (at least daily) close and continuous skilled medical observation due to side effects of psychoactive medications (e.g., hypo tension, arrhythmia) or significant increases, decreases, or changes of psychoactive medication(s) requiring close and continuous skilled medical supervision.

#### **Exclusion Criteria:**

### Each case is evaluated on an individual basis by the program leaders.

- 1. Patients with a substantiated diagnosis of dementia with no acute behavioral change or no known psychiatric disorder and no expectation for a positive response to treatment.
- 2. Patients with life threatening acute medical or surgical illnesses will not be accepted.
- 3. Patients with terminal diseases without a treatable psychiatric disorder will be referred to an appropriate hospice facility.
- Patients who are bedfast or who cannot participate in the treatment program due to physical limitations.
- 5. Patients with complex medical/surgical procedures, preventing their participation in the active treatment program.
- 6. Patients with a primary AXIS II disorder (personality disorders).
- 7. Patients with a primary substance use disorder.
- 8. Patients with active or pending criminal charges. (Check your state specific statutes and Mental Health laws and insert additional disqualifiers as appropriate.)



Inpatient Police 124, 2014
Procedures 11:35am

# 14.003 - HOSPITAL-BASED INPATIENT PSYCHIATRIC SERVICES CORE MEASURES

Policy No. 14.003 Page 1 of 4

### 1.0 PURPOSE

To provide guidance and outline the elements of the Hospital-Based Inpatient Psychiatric Services (HBIPS) Core Measure set.

### 2.0 POLICY

Hospital-Based Inpatient Psychiatric Services (HBIPS) Core Measure elements will be integrated within patient medical records, and will be completed within timeframes specified per The Joint Commission and includes at least the required elements defined in this policy.

HBIPS elements will be abstracted by staff designated; and within timeframes specified; by the hospital, and submitted to the core measures vendor (insert vendor name) and within timeframes specified by the hospital's chosen vendor (insert vendor name) for submission to The Joint Commission.

# 3.0 HOSPITAL-BASED INPATIENT PSYCHIATRIC SERVICES ELEMENTS TO BE INCLUDED IN THE PATIENT MEDICAL RECORD

### A. General Data Elements

- 1. Admission Date
- 2. Birthdate
- 3. Sex
- 4. Race
- 5. Hispanic Ethnicity
- Payment Source
- 7. Discharge Date
- Discharge Disposition
- 9. ICD-9-CM Principal Diagnosis Code
- 10. ICD-9-CM Other Diagnosis Codes
- B. <u>HBIPS-1: Admission Screening</u>: The Admission Screening elements below are in an assessment routinely performed by a qualified psychiatric practitioner within 3 days of patient admission.
  - Patient Strengths: Documentation in the medical record of an admission screening for a
    minimum of two patient strengths. Examples of patient strengths may include but are not
    limited to: assessment of patient optimism that change can occur, motivation and
    readiness for change, setting and pursuing goals, managing surrounding demands and
    opportunities, exercising self-direction, vocational interests/hobbies, interpersonal
    relationships and supports, cultural/spiritual/religious and community involvement, access



Inpatient Police 124, 2014
Procedures 11:35am

# 14.003 - HOSPITAL-BASED INPATIENT PSYCHIATRIC SERVICES CORE MEASURES

Policy No. 14.003 Page 2 of 4

- 2. Psychological Trauma History: Documentation in the medical record of an admission screening for a psychological trauma history. Traumatic life experiences are defined as those that result in responses to life stressors characterized by significant fear, anxiety, panic, terror, dissociation, feelings of complete powerless or strong emotions that have long term effects on behaviors and coping skills. Examples of psychological trauma may include but are not limited to: abuse, severe childhood neglect, victimization, combat experiences, witnessing others being harmed or victimized, any significant injury or life-threatening disease, and significant psycho/social loss.
- 3. Substance Use past 12 months: Documentation in the medical record of an admission screening for alcohol and substance use which occurred over the past twelve (12) months. Substance use is defined as the use of psychoactive or mood altering substances, i.e., prescription medications, over the counter medications, inhalants, organic substances, illegal substances, and street drugs.
- 4. Violence Risk to Others past 6 months: Documentation in the medical record that an admission screening for violence risk to others over the past six months was performed within the first three days of admission. Some examples of violence risk to others include but are not limited to the following: thoughts of harm to others, intentional infliction of harm on someone else by the patient, homicidal thoughts by the patient and thoughts of harming someone else by the patient.
- 5. Violence Risk to Self past 6 months: Documentation in the medical record of an admission screening for violence risk to self over the past six months. Some examples of harm to self include but are not limited to: past suicide attempts by the patient, intentional cutting, burning, bruising or damaging of self by the patient, inappropriate substance use, suicidal thoughts in the past six months by the patient, specific suicidal plan in the past six months by the patient and past suicide attempts by anyone in patient's family.
- C. <u>HBIPS-2: Physical Restraint:</u> Documentation in the medical record of a physical restraint event will contain at a minimum:
  - 1. Start Date
  - 2. Start Time
  - 3. Stop Date
  - 4. Stop Time
- D. <u>HBIPS-3: Seclusion</u>: Documentation in the medical record of a seclusion event will contain at a minimum:
  - Start Date
  - Start Time
  - Stop Date
  - 4. Stop Time



Inpatient Police 124, 2014
Procedures 11:35am

# 14.003 - HOSPITAL-BASED INPATIENT PSYCHIATRIC SERVICES CORE MEASURES

Policy No. 14.003 Page 3 of 4

## E. HBIPS-4: Antipsychotic Medications at Discharge:

1. Number of Antipsychotic Medications at Discharge: The number of routinely scheduled antipsychotic medications prescribed to the patient at discharge is documented in the medical record.

### F. HBIPS-5: Antipsychotic Medications Justification:

- Appropriate Justification for Multiple Antipsychotic Medications: Documentation in the medical record of appropriate justification for discharging the patient on two or more routine antipsychotic medications.
  - a. The medical record contains documentation of a history of three failed trials of monotherapy. A history of three or more failed trials in which there was insufficient improvement in symptoms or functioning. The documentation includes at a minimum the names of the antipsychotic medications that previously failed.
  - b. The medical record contains documentation of a plan to taper to monotherapy due to previous use of multiple antipsychotic medications OR documentation of a cross-taper in progress at the time of discharge. A cross-taper plan is a plan to decrease the dosage of one or more antipsychotic medications while increasing the dosage of another antipsychotic medication to a level which results in controlling the patient's symptoms with one antipsychotic medication. The cross-taper plan must list the names of the medications intended to increase and taper off. The recommended plan to taper to monotherapy must at a minimum appear in the continuing care plan transmitted to the next level of care provider.
  - c. The medical record contains documentation of augmentation of Clozapine.
- 2. The medical record contains documentation of a justification other than those listed above. PLEASE NOTE: Only the previous justifications are supported by an evidence base which will allow the case to pass the measure. This response can be used as part of an internal performance improvement activity, but the case will not pass the measure.

## G. HBIPS-6: Continuing Care Plan Created:

- 1. Patient Referral to Next Level of Care Provider: Documentation in the medical record that the patient was referred to the next level of care provider upon discharge from a hospital-based inpatient psychiatric setting.
- 2. Continuing Care Plan includes Principal Discharge Diagnosis
- 3. Continuing Care Plan includes ALL Discharge Medications: Medications are defined as any prescription medications, sample medications, herbal remedies, vitamins, nutriceuticals, over-the-counter drugs, and any product designated by the Food and Drug Administration (FDA) as a drug. All medications must have the names, dosage, and indication for use listed in the continuing care plan. The indication for use can be as short as one to two words, but must be present for all medications, not just psychotropic medications. Documentation may indicate no medications were ordered at discharge.
- 4. Continuing Care Plan includes Next Level of Care Recommendations: Next level of care recommendations may include, but are not limited to: Axis III follow-up, social work and benefits follow-up, pending legal issues, and peer support.



Inpatient PolicApril 24, 2014 Procedures 11:35am

# 14.003 - HOSPITAL-BASED INPATIENT PSYCHIATRIC SERVICES CORE MEASURES

Policy No. 14.003 Page 4 of 4

5. Continuing Care Plan includes Reason for Hospitalization: The reason for hospitalization should be a short synopsis describing the events the patient experienced prior to this hospitalization.

### H. HBIPS-7: Continuing Care Plan Transmitted:

- 1. The medical record identifies the date the continuing care plan was transmitted. The continuing care plan should be on documentation routinely available for transmission to the next level of care provider no later than the fifth post-discharge day.
- 2. The medical record identifies which documents constitute the continuing care plan. A continuing care plan may consist of one or more documents which include the required elements of HBIPS-6. The hospital must be able to identify which document(s) make up the continuing care plan and the medical record must identify which specific documents are transmitted to the next level of care provider.
- 3. The medical record identifies how the continuing care plan was transmitted to next level of care. Methods for transmitting the continuing care plan include, but are not limited to: U.S. mail, e-mail, fax, EMR access, doctor's mailbox, and ambulance transport personnel. Giving a copy of the continuing care plan to the patient does not comprise transmission.
- 4. The medical record identifies who the continuing care plan was transmitted to. The preferred next level of care providers include the follow-up prescribing inpatient or outpatient clinician, or entity, responsible for managing the patient's medication regime after hospital discharge.



April 24, 2014 Inpatient Policies & 11:35am Procedures

Policy No. 14.004 Page 1 of 4

# 14.004 - INPATIENT PSYCHIATRIC FACILITY QUALITY REPORTING

### 1.0 PURPOSE

To provide guidance and outline the elements of the requirements for the Inpatient Psychiatric Facility Quality Reporting (IPFQR) program.

### 2.0 POLICY

Inpatient Psychiatric Facility Quality Reporting (IPFQR) Measure elements will be integrated within patient medical records, and will be completed within timeframes specified per CMS and include at least the required elements defined in this policy.

IPFQR elements will be abstracted by staff designated; and within timeframes specified; by the hospital, and submitted to the core measures vendor (insert vendor name) and within timeframes specified by the hospital's chosen vendor (insert vendor name) for submission to CMS.

# 3.0 INPATIENT PSYCHIATRIC FACILITY QUALITY REPORTING ELEMENTS TO BE INCLUDED IN THE PATIENT MEDICAL RECORD

- A. General Data Elements
  - 1. Admission Date
  - 2. Birthdate
  - 3. Sex
  - 4. Race
  - 5. Hispanic Ethnicity
  - 6. Payment Source
  - 7. Discharge Date
  - 8. Discharge Disposition
  - 9. ICD-9-CM Principal Diagnosis Code
  - 10. ICD-9-CM Other Diagnosis Codes
- B. <u>HBIPS-2: Physical Restraint:</u> Documentation in the medical record of a physical restraint event will contain at a minimum:
  - 1. Start Date
  - 2. Start Time
  - Stop Date
  - 4. Stop Time



April 24, 2014 Inpatient Policies & 11:35am

Policy No. 14.004 Page 2 of 4

# 14.004 - INPATIENT PSYCHIATRIC FACILITY QUALITY REPORTING

- C. <u>HBIPS-3: Seclusion:</u> Documentation in the medical record of a seclusion event will contain at a minimum:
  - 1. Start Date
  - 2. Start Time
  - 3. Stop Date
  - 4. Stop Time
- D. HBIPS-4: Antipsychotic Medications at Discharge:
  - Number of Antipsychotic Medications at Discharge: The number of routinely scheduled antipsychotic medications prescribed to the patient at discharge is documented in the medical record.
- E. HBIPS-5: Antipsychotic Medications Justification:
  - 1. Appropriate Justification for Multiple Antipsychotic Medications: Documentation in the medical record of appropriate justification for discharging the patient on two or more routine antipsychotic medications.
    - a. The medical record contains documentation of a history of three failed trials of monotherapy. A history of three or more failed trials in which there was insufficient improvement in symptoms or functioning. The documentation includes at a minimum the names of the antipsychotic medications that previously failed.
    - b. The medical record contains documentation of a plan to taper to monotherapy due to previous use of multiple antipsychotic medications OR documentation of a cross-taper in progress at the time of discharge. A cross-taper plan is a plan to decrease the dosage of one or more antipsychotic medications while increasing the dosage of another antipsychotic medication to a level which results in controlling the patient's symptoms with one antipsychotic medication. The cross-taper plan must list the names of the medications intended to increase and taper off. The recommended plan to taper to monotherapy must at a minimum appear in the continuing care plan transmitted to the next level of care provider.
    - c. The medical record contains documentation of augmentation of Clozapine.
  - 2. The medical record contains documentation of a justification other than those listed above. PLEASE NOTE: Only the previous justifications are supported by an evidence base which will allow the case to pass the measure. This response can be used as part of an internal performance improvement activity, but the case will not pass the measure.

### F. HBIPS-6: Continuing Care Plan Created:

1. Patient Referral to Next Level of Care Provider: Documentation in the medical record that the patient was referred to the next level of care provider upon discharge from a hospital-based inpatient psychiatric setting.



April 24, 2014 Inpatient Policies & 11:35am Procedures

2. Continuing Care Plan includes Principal Discharge Diagnosis



April 24, 2014 Inpatient Policies & 11:35am

Policy No. 14.004 Page 3 of 4

# 14.004 - INPATIENT PSYCHIATRIC FACILITY QUALITY REPORTING

- 3. Continuing Care Plan includes ALL Discharge Medications: Medications are defined as any prescription medications, sample medications, herbal remedies, vitamins, nutriceuticals, over-the-counter drugs and any product designated by the Food and Drug Administration (FDA) as a drug. All medications must have the names, dosage and indication for use listed in the continuing care plan. The indication for use can be as short as one to two words, but must be present for all medications, not just psychotropic medications. Documentation may indicate no medications were ordered at discharge.
- 4. Continuing Care Plan includes Next Level of Care Recommendations: Next level of care recommendations may include, but are not limited to: Axis III follow-up, social work and benefits follow-up, pending legal issues, and peer support.
- Continuing Care Plan includes Reason for Hospitalization: The reason for hospitalization should be a short synopsis describing the events the patient experienced prior to this hospitalization.

### G. HBIPS-7: Continuing Care Plan Transmitted:

- 1. The medical record identifies the date the continuing care plan was transmitted. The continuing care plan should be on documentation routinely available for transmission to the next level of care provider no later than the fifth post-discharge day.
- 2. The medical record identifies which documents constitute the continuing care plan. A continuing care plan may consist of one or more documents which include the required elements of HBIPS-6. The hospital must be able to identify which document(s) make up the continuing care plan and the medical record must identify which specific documents are transmitted to the next level of care provider.
- 3. The medical record identifies how the continuing care plan was transmitted to next level of care. Methods for transmitting the continuing care plan include, but are not limited to: U.S. mail, email, fax, EMR access, doctor's mailbox, and ambulance transport personnel. Giving a copy of the continuing care plan to the patient does not comprise transmission.
- 4. The medical record identifies who the continuing care plan was transmitted to. The preferred next level of care providers include the follow-up prescribing inpatient or outpatient clinician, or entity, responsible for managing the patient's medication regime after hospital discharge.

### H. SUB-1 ALCOHOL USE SCREENING:

- 1. Cognitive Impairment: Documentation that the patient cannot be screened for tobacco and alcohol use due to the impairment (e.g., comatose, obtunded, confused, memory loss) during the entire hospitalization. Examples of cognitive impairment may include but are not limited to: altered level of consciousness (LOC), altered mental status, cognitive impairment, cognitively impaired, confused, memory loss, obtunded.
- 2. Comfort Measures Only: Medical treatment of a dying person where the natural dying process is permitted to occur while assuring maximum comfort. It includes attention to the psychological and spiritual needs of the patient and support for both the dying patient and the patient's family. Examples of comfort measures only include the following terms ONLY: brain dead, brain death, comfort care, comfort measures, comfort measures only © 2014 Horlzon Mental Health Management, LCC. All rights reserved.



Inpatient Policies & 11:35am

(CMO), comfort only, DNR-CC, end of life care, hospice, hospice care, organ harvest, and terminal care.



April 24, 2014 Inpatient Policies & 11:35am Procedures

Policy No. 14.004 Page 4 of 4

# 14.004 - INPATIENT PSYCHIATRIC FACILITY QUALITY REPORTING

3. Alcohol Use Status: Documentation of the adult patient's alcohol use status using a validated screening questionnaire for unhealthy alcohol use within the first 3 days of admission. Documentation indicates assessed risk of unhealthy alcohol use or alcohol related problems based on scored screening questionnaire. Examples of validated screening questionnaires may include but are not limited to: ASSIST, AUDIT, AUDIT-C, CRAFFT, G-MAST, MAST, and TWEAK.



Policy No. 02.002 April 24, 2014 11:35am

### 1.0 PURPOSE

To provide a systematic review of the continued need for treatment

### 2.0 POLICY

A treatment review process will be held for each patient at a minimum of every 7 treatment days or more frequently, if the patient's condition changes.

### 3.0 PROCEDURE

- A. Each patient will be reassessed for the purpose of determining the need for continued care.
- B. The decision to continue care is based upon an evaluation of:
  - 1. Progress of treatment, goal achievement, new problem identification.
  - 2. Whether the patient continues to meet criteria for admission.
  - 3. Patient has achieved discharge goals.
  - 4. Patient has achieved the maximum therapeutic benefit from this treatment episode.
- C. Documentation of the reassessment and continued care decision will be reflected in the continuation or modification of short-term goals and treatment interventions.



April 24, 2014

Inpatient Policies & Procedures 11:35am

Policy No. 02.001 Page 1 of 2

### 02.001 - ADMISSION CRITERIA

### 1.0 PURPOSE

The Hospital's process for admission to the psychiatric unit is based on each patient's assessed needs.

### 2.0 POLICY

The Hospital accepts for care, treatment, and services only those patients whose identified care, treatment, and services needs it can meet.

### 3.0 PROCEDURE

### Intake and Admission

### Admission Criteria:

- A. Admission to the Psychiatric Program is indicated for patients above the age of 18 who have a DSM IV diagnosis and, in addition, meet the severity of illness and intensity of service criteria (at least one from each) listed here.
- B. Admission criteria is applied uniformly to, both, Medicare and Non-Medicare patients.

### C. Severity of Illness

- 1. Suicide attempts, threat to self, require 24 hour professional observation.
- 2. Suicidal ideation or gesture within 72 hours prior to admission.
- 3. Self-mutilation behavior (actual or threatened) within 72 hours of admission.
- 4. Homicidal ideation, threat to others, requires 24 hours professional observation
- 5. Assaultive behavior threatening others within 72 hours prior to admission.
- 6. Command hallucinations directing harm to self or others where there is risk of patient taking action.
- 7. Chronic and continuing self-destructive behavior (e.g., bulimic behaviors, substance abuse) that poses a significant and/or immediate threat to life, limb, or bodily function.
- 8. Psychiatric symptoms (e.g., hallucinations, delusions, panic reaction, anxiety, agitation, depression) severe enough to cause disordered, bizarre behavior (e.g., catatonia, mania, incoherence, autism) or psychomotor retardation resulting in significant interference with activities of daily living
- Cognitive impairment (disorientation or memory impairment) due to an acute AXIS I disorder that endangers the welfare of patients or others.
- For patients with a dementing disorder for evaluation or treatment of a psychiatric co morbidity (e.g., risk of suicide, violence, severe depression) warranting inpatient admission.
- 11. A mental disorder causing major disability in social, interpersonal, occupational, and/or educational functioning that is leading to dangerous or life-threatening functioning, and that can only be addressed in an acute inpatient setting.
- 12. A mental disorder that causes an inability to maintain adequate nutrition or self-care, and family/community support cannot provide reliable, essential care, so that the patient cannot function at a less intensive level of care during evaluation and treatment.

# Starr Regional MEDICAL CENTER STOWARD

## SUPPLEMENTAL-#1

April 24, 2014

Inpatient Policies & Procedures:35am

Policy No. 02.001 Page 2 of 2

### 02.001 - ADMISSION CRITERIA

- 13. Failure of outpatient psychiatric treatment so that the individual requires 24- hour professional observation and care. Reasons for the failure of outpatient treatment could include:
  - a) Increasing severity of psychiatric symptoms:
  - b) Noncompliance with medication regimen due to the severity of psychiatric symptoms;
  - c) Inadequate clinical response to psychotropic medications;
  - d) Due to the severity of psychiatric symptoms, the patient is unable to participate in an outpatient psychiatric treatment program.

### Intensity of Service

### **Treatments**

Continuous observation and control of behavior to protect self, others, and/or property (e.g., isolation, restraint, and other suicide/homicide precautions)

Comprehensive multi-modal therapies plan requiring close medical supervision and coordination due to its complexity and/or severity of the patient's signs and symptoms.

Psychoactive medications which require (at least daily) close and continuous skilled medical observation due to side effects of psychoactive medications (e.g., hypo tension, arrhythmia) or significant increases, decreases, or changes of psychoactive medication(s) requiring close and continuous skilled medical supervision.

### **Exclusion Criteria:**

### Each case is evaluated on an individual basis by the program leaders.

- 1. Patients with a substantiated diagnosis of dementia with no acute behavioral change or no known psychiatric disorder and no expectation for a positive response to treatment.
- Patients with life threatening acute medical or surgical illnesses will not be accepted.
- 3. Patients with terminal diseases without a treatable psychiatric disorder will be referred to an appropriate hospice facility.
- 4. Patients who are bedfast or who cannot participate in the treatment program due to physical limitations.
- 5. Patients with complex medical/surgical procedures, preventing their participation in the active treatment program.
- 6. Patients with a primary AXIS II disorder (personality disorders).
- 7. Patients with a primary substance use disorder.
- 8. Patients with active or pending criminal charges. (Check your state specific statutes and Mental Health laws and insert additional disqualifiers as appropriate.)



Inpatient PolicApril 24, 2014
Procedures 11:35am

# 14.003 - HOSPITAL-BASED INPATIENT PSYCHIATRIC SERVICES CORE MEASURES

Policy No. 14.003 Page 1 of 4

### 1.0 PURPOSE

To provide guidance and outline the elements of the Hospital-Based Inpatient Psychiatric Services (HBIPS) Core Measure set.

### 2.0 POLICY

Hospital-Based Inpatient Psychiatric Services (HBIPS) Core Measure elements will be integrated within patient medical records, and will be completed within timeframes specified per The Joint Commission and includes at least the required elements defined in this policy.

HBIPS elements will be abstracted by staff designated; and within timeframes specified; by the hospital, and submitted to the core measures vendor (insert vendor name) and within timeframes specified by the hospital's chosen vendor (insert vendor name) for submission to The Joint Commission.

# 3.0 HOSPITAL-BASED INPATIENT PSYCHIATRIC SERVICES ELEMENTS TO BE INCLUDED IN THE PATIENT MEDICAL RECORD

### A. General Data Elements

- 1. Admission Date
- 2. Birthdate
- 3. Sex
- 4. Race
- 5. Hispanic Ethnicity
- 6. Payment Source
- 7. Discharge Date
- 8. Discharge Disposition
- 9. !CD-9-CM Principal Diagnosis Code
- 10. ICD-9-CM Other Diagnosis Codes
- B. <u>HBIPS-1: Admission Screening</u>: The Admission Screening elements below are in an assessment routinely performed by a qualified psychiatric practitioner within 3 days of patient admission.
  - Patient Strengths: Documentation in the medical record of an admission screening for a
    minimum of two patient strengths. Examples of patient strengths may include but are not
    limited to: assessment of patient optimism that change can occur, motivation and
    readiness for change, setting and pursuing goals, managing surrounding demands and
    opportunities, exercising self-direction, vocational interests/hobbies, interpersonal
    relationships and supports, cultural/spiritual/religious and community involvement, access



Inpatient PolioAquel 24, 2014 Procedures 11:35am

# 14.003 - HOSPITAL-BASED INPATIENT PSYCHIATRIC SERVICES CORE MEASURES

Policy No. 14.003 Page 2 of 4

- 2. Psychological Trauma History: Documentation in the medical record of an admission screening for a psychological trauma history. Traumatic life experiences are defined as those that result in responses to life stressors characterized by significant fear, anxiety, panic, terror, dissociation, feelings of complete powerless or strong emotions that have long term effects on behaviors and coping skills. Examples of psychological trauma may include but are not limited to: abuse, severe childhood neglect, victimization, combat experiences, witnessing others being harmed or victimized, any significant injury or life-threatening disease, and significant psycho/social loss.
- 3. Substance Use past 12 months: Documentation in the medical record of an admission screening for alcohol and substance use which occurred over the past twelve (12) months. Substance use is defined as the use of psychoactive or mood altering substances, i.e., prescription medications, over the counter medications, inhalants, organic substances, illegal substances, and street drugs.
- 4. Violence Risk to Others past 6 months: Documentation in the medical record that an admission screening for violence risk to others over the past six months was performed within the first three days of admission. Some examples of violence risk to others include but are not limited to the following: thoughts of harm to others, intentional infliction of harm on someone else by the patient, homicidal thoughts by the patient and thoughts of harming someone else by the patient.
- 5. Violence Risk to Self past 6 months: Documentation in the medical record of an admission screening for violence risk to self over the past six months. Some examples of harm to self include but are not limited to: past suicide attempts by the patient, intentional cutting, burning, bruising or damaging of self by the patient, inappropriate substance use, suicidal thoughts in the past six months by the patient, specific suicidal plan in the past six months by the patient and past suicide attempts by anyone in patient's family.
- C. <u>HBIPS-2: Physical Restraint:</u> Documentation in the medical record of a physical restraint event will contain at a minimum:
  - 1. Start Date
  - Start Time
  - 3. Stop Date
  - 4. Stop Time
- D. <u>HBIPS-3: Seclusion</u>: Documentation in the medical record of a seclusion event will contain at a minimum:
  - 1. Start Date
  - 2. Start Time
  - 3. Stop Date
  - 4. Stop Time



Inpatient Police 24, 2014
Procedures 11:35am

# 14.003 - HOSPITAL-BASED INPATIENT PSYCHIATRIC SERVICES CORE MEASURES

Policy No. 14.003 Page 3 of 4

### E. HBIPS-4: Antipsychotic Medications at Discharge:

1. Number of Antipsychotic Medications at Discharge: The number of routinely scheduled antipsychotic medications prescribed to the patient at discharge is documented in the medical record.

### F. HBIPS-5: Antipsychotic Medications Justification:

- Appropriate Justification for Multiple Antipsychotic Medications: Documentation in the medical record of appropriate justification for discharging the patient on two or more routine antipsychotic medications.
  - a. The medical record contains documentation of a history of three failed trials of monotherapy. A history of three or more failed trials in which there was insufficient improvement in symptoms or functioning. The documentation includes at a minimum the names of the antipsychotic medications that previously failed.
  - b. The medical record contains documentation of a plan to taper to monotherapy due to previous use of multiple antipsychotic medications OR documentation of a cross-taper in progress at the time of discharge. A cross-taper plan is a plan to decrease the dosage of one or more antipsychotic medications while increasing the dosage of another antipsychotic medication to a level which results in controlling the patient's symptoms with one antipsychotic medication. The cross-taper plan must list the names of the medications intended to increase and taper off. The recommended plan to taper to monotherapy must at a minimum appear in the continuing care plan transmitted to the next level of care provider.
  - c. The medical record contains documentation of augmentation of Clozapine.
- 2. The medical record contains documentation of a justification other than those listed above. PLEASE NOTE: Only the previous justifications are supported by an evidence base which will allow the case to pass the measure. This response can be used as part of an internal performance improvement activity, but the case will not pass the measure.

### G. HBIPS-6: Continuing Care Plan Created:

- 1. Patient Referral to Next Level of Care Provider: Documentation in the medical record that the patient was referred to the next level of care provider upon discharge from a hospital-based inpatient psychiatric setting.
- 2. Continuing Care Plan includes Principal Discharge Diagnosis
- 3. Continuing Care Plan includes ALL Discharge Medications: Medications are defined as any prescription medications, sample medications, herbal remedies, vitamins, nutriceuticals, over-the-counter drugs, and any product designated by the Food and Drug Administration (FDA) as a drug. All medications must have the names, dosage, and indication for use listed in the continuing care plan. The indication for use can be as short as one to two words, but must be present for all medications, not just psychotropic medications. Documentation may indicate no medications were ordered at discharge.
- 4. Continuing Care Plan includes Next Level of Care Recommendations: Next level of care recommendations may include, but are not limited to: Axis III follow-up, social work and benefits follow-up, pending legal issues, and peer support.



Inpatient PolicAspidl 24, 2014
Procedures 11:35am

# 14.003 - HOSPITAL-BASED INPATIENT PSYCHIATRIC SERVICES CORE MEASURES

Policy No. 14.003 Page 4 of 4

5. Continuing Care Plan includes Reason for Hospitalization: The reason for hospitalization should be a short synopsis describing the events the patient experienced prior to this hospitalization.

### H. HBIPS-7: Continuing Care Plan Transmitted:

- 1. The medical record identifies the date the continuing care plan was transmitted. The continuing care plan should be on documentation routinely available for transmission to the next level of care provider no later than the fifth post-discharge day.
- 2. The medical record identifies which documents constitute the continuing care plan. A continuing care plan may consist of one or more documents which include the required elements of HBIPS-6. The hospital must be able to identify which document(s) make up the continuing care plan and the medical record must identify which specific documents are transmitted to the next level of care provider.
- 3. The medical record identifies how the continuing care plan was transmitted to next level of care. Methods for transmitting the continuing care plan include, but are not limited to: U.S. mail, e-mail, fax, EMR access, doctor's mailbox, and ambulance transport personnel. Giving a copy of the continuing care plan to the patient does not comprise transmission.
- 4. The medical record identifies who the continuing care plan was transmitted to. The preferred next level of care providers include the follow-up prescribing inpatient or outpatient clinician, or entity, responsible for managing the patient's medication regime after hospital discharge.



April 24, 2014
Inpatient Policies & 11:35am
Procedures

Policy No. 14.004 Page 1 of 4

# 14.004 - INPATIENT PSYCHIATRIC FACILITY QUALITY REPORTING

### 1.0 PURPOSE

To provide guidance and outline the elements of the requirements for the Inpatient Psychiatric Facility Quality Reporting (IPFQR) program.

### 2.0 POLICY

Inpatient Psychiatric Facility Quality Reporting (IPFQR) Measure elements will be integrated within patient medical records, and will be completed within timeframes specified per CMS and include at least the required elements defined in this policy.

IPFQR elements will be abstracted by staff designated; and within timeframes specified; by the hospital, and submitted to the core measures vendor (insert vendor name) and within timeframes specified by the hospital's chosen vendor (insert vendor name) for submission to CMS.

# 3.0 INPATIENT PSYCHIATRIC FACILITY QUALITY REPORTING ELEMENTS TO BE INCLUDED IN THE PATIENT MEDICAL RECORD

- A. General Data Elements
  - 1. Admission Date
  - 2. Birthdate
  - 3. Sex
  - 4. Race
  - 5. Hispanic Ethnicity
  - 6. Payment Source
  - 7. Discharge Date
  - 8. Discharge Disposition
  - 9. ICD-9-CM Principal Diagnosis Code
  - 10. ICD-9-CM Other Diagnosis Codes
- B. <u>HBIPS-2: Physical Restraint:</u> Documentation in the medical record of a physical restraint event will contain at a minimum:
  - 1. Start Date
  - 2. Start Time
  - 3. Stop Date
  - 4. Stop Time



April 24, 2014 Inpatient Policies & 11:35am

Policy No. 14.004 Page 2 of 4

# 14.004 - INPATIENT PSYCHIATRIC FACILITY QUALITY REPORTING

- C. <u>HBIPS-3: Seclusion:</u> Documentation in the medical record of a seclusion event will contain at a minimum:
  - 1. Start Date
  - Start Time
  - Stop Date
  - 4. Stop Time
- D. HBIPS-4: Antipsychotic Medications at Discharge:
  - Number of Antipsychotic Medications at Discharge: The number of routinely scheduled antipsychotic medications prescribed to the patient at discharge is documented in the medical record.
- E. HBIPS-5: Antipsychotic Medications Justification:
  - Appropriate Justification for Multiple Antipsychotic Medications: Documentation in the medical record of appropriate justification for discharging the patient on two or more routine antipsychotic medications.
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- F. HBIPS-6: Continuing Care Plan Created:
  - Patient Referral to Next Level of Care Provider: Documentation in the medical record that the patient was referred to the next level of care provider upon discharge from a hospital-based inpatient psychiatric setting.



April 24, 2014 Inpatient Policies & 11:35am Procedures

2. Continuing Care Plan includes Principal Discharge Diagnosis



April 24, 2014
Inpatient Policies & 11:35am
Procedures

Policy No. 14.004 Page 3 of 4

# 14.004 - INPATIENT PSYCHIATRIC FACILITY QUALITY REPORTING

- 3. Continuing Care Plan includes ALL Discharge Medications: Medications are defined as any prescription medications, sample medications, herbal remedies, vitamins, nutriceuticals, over-the-counter drugs and any product designated by the Food and Drug Administration (FDA) as a drug. All medications must have the names, dosage and indication for use listed in the continuing care plan. The indication for use can be as short as one to two words, but must be present for all medications, not just psychotropic medications. Documentation may indicate no medications were ordered at discharge.
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### G. HBIPS-7: Continuing Care Plan Transmitted:

- 1. The medical record identifies the date the continuing care plan was transmitted. The continuing care plan should be on documentation routinely available for transmission to the next level of care provider no later than the fifth post-discharge day.
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### H. SUB-1 ALCOHOL USE SCREENING:

- 1. Cognitive Impairment: Documentation that the patient cannot be screened for tobacco and alcohol use due to the impairment (e.g., comatose, obtunded, confused, memory loss) during the entire hospitalization. Examples of cognitive impairment may include but are not limited to: altered level of consciousness (LOC), altered mental status, cognitive impairment, cognitively impaired, confused, memory loss, obtunded.
- 2. Comfort Measures Only: Medical treatment of a dying person where the natural dying process is permitted to occur while assuring maximum comfort. It includes attention to the psychological and spiritual needs of the patient and support for both the dying patient and the patient's family. Examples of comfort measures only include the following terms ONLY: brain dead, brain death, comfort care, comfort measures, comfort measures only © 2014 Horlzon Mental Health Management, LCC. All rights reserved.



April 24, 2014 Inpatient Policies & 11:35am Procedures

(CMO), comfort only, DNR-CC, end of life care, hospice, hospice care, organ harvest, and terminal care.



April 24, 2014 Inpatient Policies & 11:35am

Policy No. 14.004 Page 4 of 4

# 14.004 - INPATIENT PSYCHIATRIC FACILITY QUALITY REPORTING

3. Alcohol Use Status: Documentation of the adult patient's alcohol use status using a validated screening questionnaire for unhealthy alcohol use within the first 3 days of admission. Documentation indicates assessed risk of unhealthy alcohol use or alcohol related problems based on scored screening questionnaire. Examples of validated screening questionnaires may include but are not limited to: ASSIST, AUDIT, AUDIT-C, CRAFFT, G-MAST, MAST, and TWEAK.



April 24, 2014
Policy No. 02.002 11:35am

### 1.0 PURPOSE

To provide a systematic review of the continued need for treatment

### 2.0 POLICY

A treatment review process will be held for each patient at a minimum of every 7 treatment days or more frequently, if the patient's condition changes.

### 3.0 PROCEDURE

- A. Each patient will be reassessed for the purpose of determining the need for continued care.
- B. The decision to continue care is based upon an evaluation of:
  - 1. Progress of treatment, goal achievement, new problem identification.
  - 2. Whether the patient continues to meet criteria for admission.
  - 3. Patient has achieved discharge goals.
  - 4. Patient has achieved the maximum therapeutic benefit from this treatment episode.
- C. Documentation of the reassessment and continued care decision will be reflected in the continuation or modification of short-term goals and treatment interventions.



# **AFFIDAVIT**

STATE OFTENNESSEE
COUNTY OFDAVIDSON
JOHN WELLBORN, being first duly sworn, says that he is the lawful agent of the applicant
named in this application, that this project will be completed in accordance with the application to the best of the agent's knowledge, that the agent has read the directions to this
application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-
1601, et seq., and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete to the
best of the agent's knowledge.
John & Wellbonn SIGNATURE/TITLE
Sworn to and subscribed before me this 1 st day of 4 pcit, 2014 a Notary
Public in and for the County/State of
NOTARY PUBLIC
My commission expires November 5, 2014  (Month/Day)  STATE OF TENNESSEE NOTARY PUBLIC NOTARY PUBLIC TABLE OF TENNESSEE NOTARY PUBLIC TENNESSEE NOTARY
1

# **AFFIDAVIT**

17.11.00 TA 04.11.20

# SUPPLEMENTAL-#

April 24, 2014 11:35am

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FA	٩C	ILI	Н	Υ:
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SRMC-ETOWAH

I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the lawful agent of the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete to the best of my knowledge.

John Z Wellborn
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 24<sup>th</sup> day of April, 2014, witness my hand at office in the County of 1 Avidson, State of Tennessee.

NOTARY PUBLIC

My commission expires November 5, 2014

HF-0043

Revised 7/02



# COPY SUPPLEMENTAL-2

Starr Regional Medical Center

CN1404-009

# DSG Development Support Group



April 28, 2014

Jeff Grimm, HSD Examiner Tennessee Health Services and Development Agency Andrew Jackson Building, 9<sup>th</sup> Floor 502 Deaderick Street Nashville, TN 37243

RE: CON Application #1404-009

Starr Regional Medical Center (Etowah Campus)

Dear Mr. Grimm:

This letter responds to your second supplemental request for additional information on this application. The items below are numbered to correspond to your questions. They are provided in triplicate, with affidavit. Information provided is from the applicant's management team.

1. Section B, Project Description, Item B.II.A

The tables are noted describing the distribution of beds on the GPU and the proposed changes in spaces.

The square feet of the two new rooms shown for the 14-bed plan appear to be 254 SF and 252 SF in the second table in lieu of the 264 SF mentioned in item 3 (second paragraph), page 5 of the response. Please clarify.

Attached following this page is revised Page Five of the first supplemental response. It has been changed to say that the two new rooms each will contain "more than 250 SF" of clear floor space. It is now consistent with the table. The original "264 SF" entry had been an earlier architect's estimate that had not been changed when the architect completed the table for SRMC.

# REVISION TO APRIL 24 FIRST SUPPLEMENTAL RESPONSE LETTER (CHANGES UNDERLINED)

Page Five April 24, 2014

- (2) The hospital now operates 10 beds in 5 semiprivate rooms. The hospital proposes to operate 12 beds in 6 semiprivate patient rooms by the end of Phase I, at January 1, 2015. All of those rooms are older patient rooms that are "grandfathered" under Licensure rules and subject to prior codes, which required only 160 SF of clear floor space for semiprivate rooms. The six semiprivate rooms of Phase I will have 200 SF of clear floor space.
- (3) By the end of Phase II, there will be two semiprivate rooms added by new construction on the end of the current wing. Those two rooms will be subject to current Licensure standards that require 200 SF of clear floor space. Each new semiprivate room will exceed that standard, having more than 250 SF of clear floor space.
- (4) Much of this project's renovation is to provide support spaces that either do not now exist, or need expansion. Those spaces are a Quiet Social Room; a Group Therapy room (for a unit with more than 12 beds); a Charting/Conference room, an ADA-accessible Toilet/Shower room; separate Clean and Soiled Utility Rooms; Equipment storage; Patient Effects storage, a Consultation/Visitor room, a dedicated consultation room (for a unit with more than 12 beds); and a Unit Manager office. That explains the overall gain in unit area, more than just the addition of two new semiprivate patient rooms.

Page Two April 28, 2014

### 2. Section B, Project Description, Item II.B.

There are no staffed medical surgical beds projected for July 1, 2014 and later for the reasons noted by the applicant. Also noted are the remarks pertaining to the hospital's actual bed capacity of 60 versus 72 licensed beds. Please confirm that these factors are reflected in the utilization projections related to total occupancy of the hospital from 2015 – 2017 as reflected in the table provided on page 35c of the application (Section C, Need, Item 6).

Tables Sixteen-A and -B provide utilization data on licensed beds only. Staffed beds are subject to frequent changes during a year, from seasonal and other causes. But licensed beds do not often change; so applicants' data on bed utilization has always used licensed beds as a more stable point of reference for analyzing trends.

The submitted tables showed no utilization of medical-surgical and ICU/CCU services in years 2015-2017; so they do already reflect the suspension of staffing of those beds during those two years. The hospital does not know how better to present the staffing circumstances other than in the narrative, the bed tables submitted on April 24, and the Part A listing of future staffing changes.

However, the submitted tables projected that utilization of medical-surgical and ICU-CCU beds would be the same for 2013 and 2014. Now that the hospital and medical staff have set July 2014 as the month in which those services are fully suspended, that projection should be revised. So attached after this page are revised pages 35b-R and 35C-R, with the following changes:

- a. The bed title for critical care beds has been changed to "ICU-CCU" as the reviewer suggests in question #4 below.
- b. The hospital estimates that with July bed closures, the medical-surgical admissions in CY2014 will be only 40% of those beds' 2013 admissions. ALOS will remain the same.
- c. ICU/CCU admissions are projected at 16.4% of medical-surgical admissions with ALOS remaining the same. The observation days are projected at 40% of the CY2013 observation days.



Table Sixteen-A:	Woods Memorial Hospital / Starr Regional Medical Center Etowah
	Utilization of Licensed Beds, CY 2011-CY2013 🚆

-	Actual 2011	Actual 2012* 1	Actual 2013
Total Beds	72	72	72
	1,565		
Admissions		1,402	1,212
Patient Days	8,374	6,859 5	5,955
ALOS on Admissions	5.4		5
ADC on Admissions	22.9	18.7	16.3
Occupancy on Admissions	31.9%	26.0%	22.7%
23-Hour Observation Days	644	330	668
Total Bed Days	9,018	7,189	6,623
Total ADC	24.7	19.6	18.1
Total Occupancy	34.3%	27.3%	25.2%
Medical-Surgical Beds	54	54	54
Admissions	1,014	888	835
Patient Days	5,039	3,874	2,737
ALOS on Admissions	5.0	4.4	3.3
ADC on Admissions	13.8	10.6	7.5
Occupancy on Admissions	25.6%	19.6%	13.9%
23-Hour Observation Days	644	330	630
Total Bed Days	5,683	4,204	3,367
Total ADC	15.6	11.5	9.2
Total Occupancy	28.8%	21.3%	17.1%
CU-CCU Beds	8	8	8
Admissions	362	321	137
Patient Days	997	732	814
ALOS on Admissions	2.8	2.3	5.9
ADC on Admissions	2.7	2.0	2.2
Occupancy on Admissions	34.1%	25.1%	27.9%
23-Hour Observation Days			38
Total Bed Days	997	732	852
Total ADC	2.7	2.0	2.3
Total Occupancy	34.1%	25.0%	29.2%
Psychiatric Beds	10	10	10
Admissions	189	193	240
Patient Days	2,338	2,253	2,404
ALOS on Admissions	12.4	11.7	10.0
ADC on Admissions	6.4	6.2	6.6
Occupancy on Admissions	64.1%	61.6%	65.9%
23-Hour Observation Days	04.170	01.070	00.9 /0
Total Bed Days	2,338	2,253	2,404
Total ADC	6.4	6.2	6.6
Total Occupancy	64.1%	61.6%	65.9%
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Source: TDH Joint Annual Reports and hospital records. \*Asterisk denotes leap year for 2012.

# Table Sixteen-B: Starr Regional Medical Center Etowah Projected Utilization of Licensed Beds, CY 2014 - CY 2017 REVISED SUPPLEMENTAL 4 Bed Conversion

			Year One	Year Two
	Proj. 2014	Proj. 2015	Proj. 2016*	Proj. 2017
Total Beds	72	72	72	72
Admissions	653	290	305	320
Patient Days	4,331	3,190	3,355	3,520
ALOS on Admissions	6.6	11.0	11	11
ADC on Admissions	11.9	8.7	9.2	9.6
Occupancy on Admissions	16.5%	12.1%	12.7%	13.4%
23-Hour Observation Days	267	0	0	0
Total Bed Days	4,598	3,190	3,355	3,520
Total ADC	12.6	8.7	9.2	9.6
Total Occupancy	17.5%	12.1%	12.7%	13.4%
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Medical-Surgical Beds	54	52	50	50
Admissions	334	0	0	0
Patient Days	1,102	0	0	0
ALOS on Admissions	3.3	0.0	0.0	0.0
ADC on Admissions	3.0	0.0	0.0	0.0
Occupancy on Admissions	5.6%	0.0%	0.0%	0.0%
23-Hour Observation Days	252	0	0	0
Total Bed Days	1,354	0	0	0
Total ADC	3.7	0.0	0.0	0.0
Total Occupancy	6.9%	0.0%	0.0%	0.0%
CU-CCU Beds	8	8	8	8
Admissions	55	0	0	0
Patient Days	325	0	0	0
ALOS on Admissions	5.9	0.0	0.0	0.0
ADC on Admissions	0.9	0.0	0.0	0.0
Occupancy on Admissions	11.1%	0.0%	0.0%	0.0%
23-Hour Observation Days	15	0	0	0
Total Bed Days	340	0	0	0
Total ADC	0.9	0.0	0.0	0.0
Total Occupancy	11.6%	0.0%	0.0%	0.0%
Psychiatric Beds	10	12	14	14
Admissions	264	290	305	320
Patient Days	2,904	3,190	3,355	3,520
ALOS on Admissions	11.0	11.0	11.0	11.0
ADC on Admissions	8.0	8.7	9.2	9.6
Occupancy on Admissions	79.6%	72.8%	65.5%	68.9%
23-Hour Observation Days				
Total Bed Days	2,904	3,190	3,355	3,520
Total ADC	8.0	8.7	9.2	9.6
Total Occupancy	79.6%	72.8%	65.5%	68.9%
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Source: Hospital management projections. \*Asterisk denotes leap year for 2012.

Page Three April 28, 2013

# 3. Section C, Need, Item 1.a Service-Specific Criteria (Psychiatric Inpatient Services-Item C.4)

The applicant's plans to accept involuntary commitments are noted. Please complete the following table to identify admissions of the GPU from this source:

Projected Admissions			
	2015 (Phase 1)	2016 (Year 1)	2017 (Year 2)
Involuntary Admissions	9(3%)	12(4%)	16(5%)
Total Admissions	290	305	320

Source: Hospital management. Admissions rounded.

This is very difficult for the hospital to estimate, not having had experience with it in this service area. Hospital management projects involuntary admissions to be in the 3%-5% range of total admissions. However, if more such assistance is needed it can be provided.

### 4. Section C, Need, Item 6

The applicant's comments are noted. In addition to clarification that was requested for the entries in the table on page 35c regarding the hospital's medical-surgical unit, please also address the changes that may be necessary for the projected utilization of the hospital's critical and intensive care beds (note: I believe that CCU-ICU beds may be the correct category in lieu of the reference in the table to "critical and intermediate care beds"). The CCU-ICU bed utilization projections that should be reviewed for accuracy are those that apply to CY2015, CY2016 and CY2017.

These have been adjusted; see response to question #2 above.



Page Four April 28, 2014

Section C, Economic Feasibility, Item 5

Based on the Historical Data Chart provided in the 4/24/14 supplemental response for the 10 bed GPU, gross charges remained relatively unchanged from approximately \$1,412 per patient per day (ppd) in CY2011 to \$1,436 ppd in CY2013. However, the GPU's gross charge increases by approximately 43% from CY2013 to \$2,054 ppd in CY2016 (Year 1) and \$2,185ppd in CY2017. Please explain the reason for the significant increase in the GPU's average gross charge.

The former Woods Memorial Hospital in Etowah was not financially solvent, which is why it was sold to a larger hospital system. At the end of CY2013 its charge-master was upgraded to match that of the main SRMC campus in Athensmeaning that its room rates and ancillary charges were matched to those of SRMC Athens. This resulted in an increase in gross charges for the psychiatric unit, which you have identified.

However, that increase was very reasonable in the marketplace. The service area's only other psychiatric provider in Cleveland reported an average charge per day in 2012 that was 18% higher than SRMC is projecting for SRMC Etowah in 2017--five years later. See Table Eighteen in the submitted application.

Moreover, at 98% Medicare utilization, the Etowah unit's "gross charges" are virtually meaningless in terms of cost of care. The hospital will be paid almost entirely whatever Medicare sets as reasonable payment for geropsychiatric care.

Additional Material: Attached after this page is revised page 45R, correcting the column heading in Table Seventeen from 2018 to 2017.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please FAX or telephone me so that we can respond in time to be deemed complete.

Respectfully,

John Wellborn Consultant

John Wellborn

# C(II).5. PLEASE IDENTIFY THE PROJECT'S AVERAGE GROSS CHARGE, AVERAGE DEDUCTION FROM OPERATING REVENUE AND AVERAGE NET CHARGE.

Table Seventeen: Average Charges, Deductio Income	ns, Net Charges, I	Net Operating
	CY2016	CY2017
Patient Days	3,355	3,520
Admissions or Discharges	305	320
Average Gross Charge Per Day	\$2,055	\$2,184
Average Gross Charge Per Admission	\$22,603	\$24,029
Average Deduction from Operating Revenue per Day	\$1,275	\$1,404
Average Deduction from Operating Revenue per Admission	\$14,022	\$15,444
Average Net Charge (Net Operating Revenue) Per Day	\$780	\$781
Average Net Charge (Net Operating Revenue) Per Admission	\$8,581	\$8,586
Average Net Operating Income after Expenses, Per Day	\$174	\$184
Average Net Operating Income after Expenses, Per Admission	\$1,912	\$2,021

Source: Projected Data Chart

C(II).6.A. PLEASE PROVIDE THE CURRENT AND PROPOSED CHARGE SCHEDULES FOR THE PROPOSAL. DISCUSS ANY ADJUSTMENT TO CURRENT CHARGES THAT WILL RESULT FROM THE IMPLEMENTATION OF THE PROPOSAL. ADDITIONALLY, DESCRIBE THE ANTICIPATED REVENUE FROM THE PROPOSED PROJECT AND THE IMPACT ON EXISTING PATIENT CHARGES.

The project will not cause an increase in charges beyond what the normal annual charge adjustment would be. The capital investment required for the project is very small. The response to C(II).6.B on the following page provides current and proposed charge information for the unit. Charges in this service are not particularly relevant because almost all of the unit's services will be reimbursed at whatever levels are set by Medicare.

STATE OF TENNESSEE
COUNTY OF DAVIDSON

NAME OF FACILITY:
Stan Regional Medical Center - Etowah
I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the lawful
agent of the applicant named in this Certificate of Need application or the lawful agent
thereof, that I have reviewed all of the supplemental information submitted herewith,
and that it is true, accurate, and complete to the best of my knowledge.
Signature/Title
Sworn to and subscribed before me, a Notary Public, this the 28 day of All L., 2014,
witness my hand at office in the County of DAN OSO, State of Tennessee.
NOTARY PUBLIC )
My commission expires
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Revised 7/02
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